

## **DON'T FORGET LEO MELAMED'S LESSONS**

**T**he retirement of Leo Melamed as head of Chicago's Mercantile Exchange marks the passage of the futures industry from adolescence to maturity. Melamed's achievements are legendary. It was he who glimpsed in the breakdown of the fixed-exchange-rate system in 1972 the promise of trading in a new commodity: currencies. Later, he led the industry into stock-index futures and, still later, the first international exchange linkup.

Melamed got attention on Capitol Hill after the 1987 stock-market crash by warning Congress not to let overregulation push futures trading to Japan. And when news broke of a government sting on Chicago's exchanges that yielded indictments of 45 traders, Melamed quickly initiated sweeping reforms, averting a wholesale housecleaning by the "outsiders" in Washington and vowing to put "the fear of God" into would-be thieves in trading jackets.

Melamed's departure leaves the futures industry firmly entrenched in the global financial marketplace, but facing new challenges. The exchanges must settle, for good, the regulatory anomaly that prevents the Securities & Exchange Commission from regulating stock-index futures, defying logic and the interests of stable markets. They must fairly and aggressively police floor trading and dissolve the cronyism that has threatened to frustrate such efforts in the past. Along with the Chicago Board of Trade, the Merc must implement Globex, the global computerized trading system whose development Melamed supported as essential to maintaining Chicago's position in international futures trading.

Asked to look back upon his career recently, Melamed mused: "There are some footprints in the sand I am very proud of." Now, his successors must ensure that those footprints aren't washed away.