

## Melamed quits

### Will leave Merc posts at yearend

By Susan Chandler

Leo Melamed, who built the Chicago Mercantile Exchange into a financial giant and ruled it for 20 years with unquestioned authority, announced Monday he is stepping down at the end of the year.

In a surprise move, Melamed said he will give up his posts as chairman of the Merc's executive committee and as special counsel to the board, positions that made him more powerful than the exchange's elected officials. He also will be leaving his position as head of Globex, the computerized trading system he pioneered.

In a letter to the Merc's membership, Melamed, 57, said his decision to leave was reached after months of deliberation with family and friends and "cannot be altered."

"There comes a moment in

everyone's career when he knows in his heart it is time for a change," Melamed said Monday.

"Fortunately, my decision comes at a time when [Merc] business is booming, when our transaction volume is at a record pace, when our membership value are at the highest level of any exchange in the nation, and when our future is bright," he said.

Melamed said he isn't leaving because of the FBI's investigation of corrupt trading practices, nor because of a petition among members that would require him to be elected to his post, which pays him \$500,000 a year.

Melamed previously has said he was relinquishing power, only to later change his mind. But this time he swore there was no going back, because he wants to "recapture my life."

He intends to devote himself to building his trading firm, Dellscher Investment Co., and to writing a history of the futures industry as well as science fiction novels.

Trading sources have speculated for some time that Melamed was interested in selling Dellscher to Japanese in-

Turn to Page 50



Merc leader Leo Melamed lashes out at traders in an emotional post-trading-scandal press conference last August—"If we have to instill the fear of God into any member on this exchange, we will do that"—and a month later points the way for Soviet banker Eugeni V. Ujanov during a Merc floor tour. Melamed announced his retirement Monday.

SUN-TIMES PHOTOS

PROFILE ON PAGE 47



## Merc

Continued from Page 45

terests and staying on to manage it.

Melamed rose to prominence at the Merc in 1967, when he led a dissident slate of governors that took control of what was then a small agricultural commodity exchange.

He is best known for his championing of the development of financial futures contracts, beginning with futures on foreign currencies in the early 1970s. Melamed stepped down from his post as chairman of the Merc in 1971 to organize the International Monetary Market, a Merc affiliate created to trade foreign currencies. In 1976, the IMM merged with the Merc, and Melamed became chairman of the combined institution.

In the '80s, he spearheaded the Merc's expansion into stock index futures, including the heavily traded S&P 500 index futures contract. Trading volume at the Merc exploded, and the Merc's success fueled growth in the industry.

Melamed said stepping down was a "decision I really wanted to make two years ago. But that turned out to be on the eve of the 1987 stock market crash... and I couldn't very well leave at that juncture."

After he was "victorious" in rebuilding the stock index futures

business, Melamed said he was ready to retire again—only to have the FBI undercover investigation explode on the scene in January, 1989. "I realized then the exchange and the industry would need me," he said.

Although he acknowledged the exchange is still under the cloud of the investigation, "there is no reason to delay any further," Melamed said. "There will never be a perfect time to leave."

Always a controversial figure, Melamed is known for his vocal defense on Capitol Hill of his industry's self-regulation and trading practices. His critics, however, have accused him of playing "godfather" at the Merc, shielding those who are loyal to him and resisting regulatory change.

"Free at last. Free at last. Thank God almighty, we're free at last," said Merc trader Douglas Bragan, a Melamed critic.

The Merc said Melamed's posts at the exchange are unlikely to be filled.

Said former Merc Chairman Jack Sandner: "I feel like I've lost a father or a brother. He's irreplaceable, there's no doubt about it."

To compensate for the void left by Melamed's departure, "We will have to form a different structure at this institution somehow," Sandner said.

Melamed won't change his mind this time, Sandner predicted. "He feels very at peace. It's like a different Leo."

Those who worked with Melamed agreed unanimously Monday about his contribution to the futures industry in times of growth and controversy.

"His title is the father of financial futures. That is clearly No. 1," said Merc board member Laurence Rosenberg, president of First Commercial Financial Group and Melamed's partner in Dellscher Investments for 12 years. "He's clearly been the preeminent speaker for the industry for 20-some odd years. You look at the things his leadership has brought the exchange, Globex for example, and while that's benefitted the Merc, he's had a generic effect on the financial world as a whole."

Merton Miller, a recent appointee to the Merc board and professor of finance at the University of Chicago, noted that Melamed's departure had been delayed several times by the course of events.

"The pressure on him has been enormous. Now there seems to be a lull, so he's going now while he's got the chance. I wish him well."

Contributing: Lisa Holton.