

# Business

Chicago Tribune Tuesday, March 6, 1990

## Merc's Melamed to retire by year's end



Leo Melamed (left) on Monday discusses his plans to retire from his executive positions at the Chicago Mercantile Exchange by the end of the year. William Brodsky, exchange president and chief executive officer, is at right.

### Move comes at crucial time for industry

By Laurie Cohen and Sallie Gaines

Leo Melamed, the dynamo who has personified the Chicago Mercantile Exchange for more than two decades, said Monday he plans to retire from his exchange posts by the end of the year.

Melamed's decision to step down as chairman of the Merc's executive committee and its special counsel comes at a critical time for the nation's second-biggest futures market and for the futures industry.

Congress is mulling tougher regulation of the industry in the wake of an undercover FBI probe at the Merc and the Chicago Board of Trade, the largest futures exchange. Also, the Merc is gearing up to launch an after-hours electronic trading system known as Globex.

But Melamed, 57, said at a press conference that the time "is as perfect as I'm going to find" to turn his attention to his futures brokerage business, family and fledgling writing career. "I really want to recapture my life," he said.

It's unclear how the Merc will handle Melamed's responsibilities. "We'll have to find a different structure at this institution somehow," Jacko Sandner, Merc senior policy adviser, said after the press conference.

Melamed's impending departure will be a key topic of discussion as the industry gathers for its annual conference in Boca Raton, Fla., on Wednesday. Regardless of what the Merc decides to do about his job titles, there clearly is no strong heir apparent.

Melamed said previous plans to

end his exchange duties have been stymied by a series of crises, including the 1987 stock market crash and the FBI investigation, which came to light just over a year ago.

Melamed, a major spokesman for the futures industry, also indicated plans to scale back that role. He began to do so at the end of last year by stepping down as chairman of the National Futures Association, the Chicago-based self-regulatory body he founded and had headed since 1982.

Association President Robert Wilmouth described Melamed as "the single most important" person in the futures business. "He'll be very difficult to replace," Wilmouth said.

Before retiring, Melamed said See Merc, pg. 2

## Merc

Continued from page 1

his priorities include launching Globex, which is scheduled to begin operation by midyear. "I think it's in good shape," he said.

He will also work to achieve a compromise concerning regulatory oversight for stock-index futures. That authority now rests with the Commodity Futures Trading Commission, but some members of Congress and others want jurisdiction shifted to the Securities and Exchange Commission.

Despite Melamed's dominant position in Merc matters, there have been signs in the last two years that his power might be on the wane. In December 1988, some members grumbled at news that Melamed's

unelected post would begin carrying a \$500,000 annual salary.

In fact, some members have circulated a petition to require election of all exchange officials paid more than \$50,000. Melamed said Monday that the petition didn't influence his decision to step down; observers agreed the measure would be unlikely to win approval, even if it garnered enough signatures for a referendum.

Melamed mentioned no specific issues that prompted his decision, saying in a letter to exchange members, "The awesome responsibilities I have shouldered these many years have become a burden demanding

too much sacrifice and too little reward."

Melamed, a lawyer whose family fled Poland in 1939, rose to power at the Merc in 1967 as the head of a group of dissident traders and subsequently spearheaded the exchange's move into financial futures. Exchange volume has surged as a result of the introduction of such products as foreign currency, stock-index and Eurodollar futures.

Melamed hasn't been chairman of the exchange since 1977. The Merc created the post of special counsel after he stepped down as chairman; it later established the post of executive committee chairman after he tried unsuccessfully in late 1984 to relinquish his Merc posts.