

## Melamed Resignation Seen Big Loss to Futures Industry

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CHICAGO — The futures industry will lose its most influential leader and one of its most colorful characters with the resignation of Leo Melamed from the Chicago Mercantile Exchange at the end of the year.

Sometimes referred to as the "father of financial futures," Mr. Melamed was a central figure in transforming the futures industry from its origins in agriculture and physical commodities into a revolutionary force in the financial world.

In the process, Mr. Melamed gained an almost larger-than-life reputation as a passionate and oftentimes combative advocate for the futures industry.

"Leo has been the single most powerful person in the commodity industry in the 1980s," said Thomas Russo, an attorney with the New York firm of Cadwalader, Wickersham & Taft. "His creativity and ability to compromise helped to advance the industry to a higher stage of evolution than otherwise would have been possible."

Dubbed "Leo the Lip" by some who deemed his style was too overbearing, Mr. Melamed was on the forefront in defending the Chicago exchanges in Washington following the 1987 stock market crash and last year in the wake of FBI charges of widespread fraud on the trading floors.



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In private meetings, Mr. Melamed's style was akin to that of a fire and brimstone preacher, as he would frequently rise from his chair, walk about, and gesture vehemently as he talked. In public, he was less demonstrative, but the ardent conviction was always evident.

While his intense advocacy might have alienated some, even critics acknowledge that Mr. Melamed contributed mightily to both the growth of the industry and to staving off increased federal regulation.

"We've had our differences, but there's no question that he has been a net positive for the industry," said a board member of the Chicago Board of Trade. "Anyone who says otherwise doesn't know what they're talking about."

Mr. Russo said Mr. Melamed's ability to compromise, a characteristic that sometimes was overshadowed by his vehemence, was a key to Mr. Melamed's success.

"When the commodity fraud allegations arose, instead of taking a hard line like others in the industry, he put together a panel to investigate and make recommendations," Mr. Russo noted.

In recent years, Mr. Melamed's greatest accomplishment probably was convincing the membership of the CME to go along with a plan to develop a computerized, off-exchange trading system, an idea that originally was anathema to most members because they feared it would eliminate the trading floor.

Mr. Melamed is relinquishing both his post as chairman of the CME's executive committee and as CME special counsel. He said he will devote more time to trading, management of his brokerage firm, Dellsher Investments Co., and on writing.

"There comes a moment in everyone's career when he knows in his heart it is time for a change," Mr. Melamed said. "I really want to recapture my life."

Mr. Melamed brushed aside speculation that he is resigning because of a petition circulating among CME members that would require all exchange officials earning more than \$50,000 stand for election. Mr. Melamed, who is paid \$500,000 a year by the CME, said the petition has garnered little support.

In his remaining months at the CME, Mr. Melamed said his major priority would be launching Globex, the CME's computerized, off-hours, trading system, which he claimed "is destined to become the standard for users of futures in every center of finance the world over."

Among Mr. Melamed's most enduring accomplishments were the creation of the foreign currency futures market in 1972 and the formation of the National Futures Association in 1982, an industry self-regulatory body.

Prior to the introduction of the foreign currency contracts, the CME was almost entirely dependent on livestock contracts. Mr. Melamed, who had previously witnessed the demise of the CME's egg contract, felt the exchange needed to diversify.

The acceptance of the foreign currency contracts opened the way for other financial contracts. In short order, the CME introduced Treasury bill and Eurodollar futures, and in the early 1980s, the S&P 500 stock index contract.