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Chicago's Merc chief hands in his notice

AP-Dow Jones

Leo Melamed, long-time leader of the Chicago Mercantile Exchange and the most influential executive in the futures industry, will resign his Merc posts by year end.

Mr Melamed's surprise announcement on Monday comes as trade at the exchange remains robust but also as the futures industry is under a cloud because of alleged widespread fraud on Chicago's futures trading floors.

The 57-year-old chairman of the Merc's executive committee and special counsel to the exchange's board of governors, said in a letter to Merc members that his duties "have become a burden demanding too much sacrifice and offering too little reward".

He said he wanted to spend more time trading futures for his own account, being with his family, and working on his fledgling career as a science-fiction writer.

In recent months, Mr Melamed has found himself having to defend the industry and exchange against the backdrop of a US federal investigation of alleged trad-

ing fraud on the Merc and Chicago Board of Trade.

Trials of several of the floor traders who were charged last year with stealing from customers are scheduled to begin next month.

A regulatory debate is also brewing in Chicago and Washington, DC, that may lead to tougher oversight of the Merc's most controversial product, stock index futures.

An added pressure on Mr Melamed in recent weeks has been a petition circulating among Merc members that, if adopted, would have required him to be an elected member of the exchange's board of governors, some members said. He was appointed by the board, many of whose members owe their seats on the board to Mr Melamed's support.

Merc members said Mr Melamed saw the petition as an insult.

Mr Melamed told a news briefing that the petition was not a factor in his decision to resign.

The fiery trader was not

stepping aside as a result of any imminent challenge to his authority from members or regulators and legislators who oversee the industry, Merc members said.

The departure of Merc's most powerful official is likely to leave a vacuum in the exchange's executive suite.

The diminutive trader has not groomed a successor, and, in fact, has insisted at least once before that he was going to loosen his two-fisted grip on exchange affairs, only to change his mind. Even his closest friend, former Merc chairman Mr Brian Monieson, doubts Mr Melamed can easily relinquish power.

Nevertheless, Mr Melamed is leaving the Merc a vastly strengthened exchange from 27 years ago when he led a group of dissidents that gained control of what was then a sleepy agricultural futures market. In addition to strong gains in trading volume, the Merc is poised to launch an innovative after-hours electronic trading system, Globex, later this year.