

# Business

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## OK for Melamed's deal with Japanese

By William B. Crawford Jr.

Following a more-than two-year wait, Leo Melamed, an influential member of the Chicago Mercantile Exchange, has been given approval by U.S. regulators to merge his futures firm with Sakura Bank of Japan, one of the world's largest financial institutions.

Melamed said the Federal Reserve Bank gave its blessing Monday to a proposal under which Dellscher Investment Co., a futures brokerage house founded by Melamed in 1965, is selling a controlling interest to Sakura Bank, Japan's second-largest bank, with about \$400 billion in assets.

"It's been a long wait, but we are at the end of the road, and I am awfully excited about the many changes that lay ahead," Melamed said.

"Though we currently operate only from Chicago, we plan with steady growth to open branches

in London, Europe and in the Pacific Rim," he said.

Melamed, who retains 40 percent ownership of the new entity, renamed Sakura Dellscher Inc., will assume the title of chairman and chief executive. The firm, which employs 50 people at its headquarters at 30 S. Wacker Drive, will deal exclusively in financial futures listed at the Merc, the Chicago Board of Trade and at other derivatives markets, and options on those contracts.

Melamed said the company will work hard to capture some of the mushrooming business flowing into managed futures funds in recent years and to sell its interest rate hedging expertise and trade-clearing services to commercial banks and investment and retirement funds. Much of that future business, he said, will come from Pacific Rim countries, including China,

which Melamed predicted is poised to become a major user of agricultural and financial futures.

The Sakura Dellscher deal is another example of a phenomenon, disquieting to many veterans of LaSalle Street, that has swept the futures industry recently. Smaller futures brokerages, known as boutiques or ma-and-pa operations, have been forced to merge with better-capitalized partners to survive in an increasingly competitive trading environment dominated by huge pension, investment and retirement funds.

In February 1991 Melamed announced that for an undisclosed price he had sold controlling interest in Dellscher to Mitsui Taiyo Kobe Bank Ltd., a Tokyo bank that subsequently was renamed Sakura.

Though the deal was approved early by Japan's Ministry of Finance, the Fed took its time in approving the deal because of the embarrassment caused by the collapse of the Luxembourg-chartered Bank of Credit and Commerce International.

Melamed, a former Merc chairman and one-time special counsel to the exchange, formally retired from Merc politics more than two years ago. In a month he will cut his last formal tie to Merc affairs when he makes good on his announcement to step down as

chairman of Globex, the world's first computerized after-hours trading system.

Nevertheless, he commands respect throughout the futures industry, often being credited with launching the world's first financial futures 30 years ago and transforming the Merc from a sleepy second-tier market to a pre-eminent arena for transferring financial risk.