

# Business

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Leo Melamed returned to power Wednesday at the Chicago Mercantile Exchange, the institution he transformed from a backwater butter and egg market in the 1960s to a world-leading financial futures exchange.

A majority of a new board of directors voted to return Melamed, 64, to an official post for the first time in several years, a period in which he was frozen out of exchange policy decisions by the Merc's powerful chairman—and his one-time protégé—John F. Sandner.

Sandner, 55, and Melamed, former Merc chairman and chairman emeritus, had long since parted company over direction of the exchange under Sandner's leadership.

Aiding Melamed was member dissatisfaction caused by a decline in exchange trading volume and seat prices.

Melamed was chosen as permanent adviser to the board and its executive committee, a title that belies his influence. In the 1980s he held the post of special counsel but was always considered at least equal to the chairman of the day.

Sandner and Melamed issued conciliatory statements late Wednesday.

"Leo and I forged new ground for the Merc and made a great team for many years," Sandner said. "I welcome him back and look forward to his return in an advisory capacity to the board."

Melamed said he was humbled by "the strong outpouring of sentiments expressed by a multitude of Merc members that I return in an advisory capacity to the board. I promise to my utmost to serve the best interests of this institution and all its members."

Change was in the air in last week's annual election of Merc directors, which swept several Sandner allies out of office. Six

## Melamed returns to power at the Merc

Issues of seat prices, volume spur change

of the 12 who were elected to two-year terms are new to the board and they include some of Sandner's harshest critics. Another 12 directors hold over until next year.

Sandner was re-elected as a director. Directors elect the officers, and Sandner was elected last year to a two-year term as chairman, but under Merc rules he will have to step down from the top post after this year.

All other officers are chosen for one-year terms and, with Sandner, form the core of the exchange's

executive committee.

At the organizational meeting Wednesday, M. Scott Gordon was re-elected to his third consecutive term as vice chairman; Joel Greenberg was elected second vice chairman; Joel M. Stender was picked as secretary; and Thomas A. Kloet was chosen as treasurer.

Greenberg has been a member since 1967 and is a longtime friend and high school classmate of Melamed. He is considered a contender to succeed Sandner next year along with Gordon, a member since 1977 and a director since 1982.

Stender is a leader of the Equity Owners Association, a group of

independent traders that has been critical of the power of large Merc broker associations. Kloet has been a member since 1988 and was elected to the board last year.

Meanwhile, the Merc on Thursday will launch its own market-making firm, the Globex Foreign Exchange Facility, under which the exchange's employee traders will post bids and offers on four currency futures on the Merc's after-hours electronic trading system.

The aim is to improve liquidity and attract more business to the Merc's foreign-currency sector, which has lagged behind such volume leaders as interest-rate and stock-index futures.