

# Melamed fights Merc consolidation

## Plan to equalize memberships draws opposition

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Leo Melamed, chairman emeritus of the Chicago Mercantile Exchange and a pioneer in the development of the world's first successful financial futures, has come out foursquare against a proposal by the Merc leadership to consolidate the two most important classes of exchange memberships.

In a lengthy letter to the exchange rank and file that is bound to raise the hackles of the Merc's elected leaders, Melamed said it would be "foolish" and "a mistake" to adopt a recent proposal to equalize the values and voting rights of Chicago Mercantile Exchange, or CME, and International Monetary Market, or IMM, memberships.

Melamed asserted that he was moved to take a public stand against the proposal, announced

by exchange Chairman John F. Sandner and several directors Sept. 1, after dozens of Merc members asked him to join them in opposing the initiative.

Merc officials declined to comment.

Melamed's letter came to light 24 hours after the Merc board of governors Wednesday, in a unanimous vote, adopted slight modifications to the original plan to harmonize the value and voting rights of IMM members, who trade only financial futures, and CME members, who are allowed to trade financial and agricultural futures. The board also scheduled an Oct. 10 vote for members to approve or reject the proposal.

Maintaining separate IMM and CME divisions, Melamed wrote, "has worked extremely well and was carved into the foundation of our institution."

Though Melamed retired from Merc politics more than three years ago, his opinions on certain matters—certainly when they relate to CME and IMM seats—continue to carry weight among rank-and-file members. After all, it was largely Melamed's inspiration and work that led to the launch in the early 1970s of the world's first successfully traded financial futures,

a family of foreign-currency contracts. With that, the IMM and the Index and Options Market divisions were created.

Melamed's letter is bound to irritate the Merc leadership. In the last three years, he and Sandner, who is taking credit for the seat merger proposal, have found themselves in a sometimes heated competition for attention from futures industry leaders, lawmakers on Capitol Hill and the Merc rank and file.

Under the proposal adopted Wednesday by the Merc board, the 625 CME seats, which are trading for a record \$925,000, would be merged with the 812 IMM memberships, which have been trading at an all-time high of \$850,000, through a one-time cash payout. Under the initiative, CME members would receive a payment from Merc coffers of up to \$80,592, up from the \$70,000 that was part of the original proposal announced Sept. 1.

IMM members, who now have a fractional vote, would be given political and trading-floor parity with full members. They would receive two votes, just as CME members now have, equal representation on the governing board and equal access to trading pits.

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### MERC

## Melamed's back; seat plan defeated

Frozen out of the decision-making process for the three years since he forswore exchange politics, Leo Melamed showed last week that he still has clout at the Chicago Mercantile Exchange.

The chairman emeritus led a campaign to defeat a measure that would have equalized the values and voting rights of the exchange's membership classes. The proposal would have placed financial futures traders, who hold International Monetary Market memberships, on an equal footing with those who hold full Merc seats and also trade in agricultural futures.

While receiving majority approval, the plan fell short of the necessary two-thirds vote of the membership. The outcome was viewed as a major rebuff to John F. Sandner, current exchange chairman.