



July 21, 2004

Lead Commentary

The Most Successful Futures Industry Salesman

By John J. Lothian

The most successful salesman in the history of the futures industry took some time yesterday to talk to me, to sign a copy of one of his books and to share some reminiscences of history with me. This most gracious of men, this articulate futures industry stalwart, was personable and cheerful in private and everything I would expect from a man who did nothing less than help change the world. This futures industry salesman is none other than Leo Melamed, Emeritus Chairman of the Chicago Mercantile Exchange.

Those new to the futures industry, perhaps hired by a proprietary trading firm right out of college or working a trading desk for a Wall Street firm, might not know the name Leo Melamed, but they should. I had recently read Leo's 1996 book "Escape to the Futures" and had asked him to sign the book from the person I borrowed it from. He not only signed my friend's book for my friend, but he also signed and gave me my own copy.

Leo Melamed is often referred to as the "Founder of Financial Futures." While that title is fitting, Leo is much more than that. The Chicago Tribune editorial board gave Leo that moniker several years ago when he supposedly retired from active official leadership in the Chicago Mercantile Exchange. Leo has retired quite a few times, but none of them have stuck.

I think it is because of how much he loves this industry, one that he brought into the modern era as Chairman of the CME and as a founder and first Chairman of the National Futures Association. I know people like Leo. A force from beyond our world drives them. They are doing work to benefit all mankind. That type of work is hard to really retire from. It is not a job; it is a calling. Leo Melamed was called to change the way the world managed financial risk and he has fulfilled that call multiple times over through his innovative ideas, persistence and preaching of the benefits of futures trading all over the world. Whether it was the successful launch and development of currency futures, the creation of Globex or the NFA or the development of the emini contracts, Leo has played a central role.

As a fellow futures industry salesman, I have great admiration for all Leo has done for the industry over the

years. He has not been an uncontroversial figure and even yours truly has criticized a recent speech he gave. I tried not to criticize the man, rather a message I did not agree with. This is not because he is perfect, rather because he is just a man, a human being like you and me. I operate under what I call is the "Great Man Theory," though it should be properly called "Great Person Theory" to be politically correct.

I believe a great man or great person takes criticism and turns it into fuel to better themselves and the tasks they are undertaking. We all love praise, and Leo has had plenty of it through the years from those at the highest levels of government around the world to those down in the pits. But it is criticism, differing opinions that drives the markets and great persons to grow. And grow Leo and the markets have.

Leo is a hero to many long time veterans of the futures industry. His ideas and his salesmanship helped create much of the opportunity that we all now enjoy. An associate of mine shared a story with me before I went to see Leo. This associate was at a securities firm in Canada as a young broker and told by his superiors to set up a Futures Commission Merchant for the firm. He called the CBOT and asked for help and was told they could not help him. He called the CME and told them what he needed. He was told that he what he needed to do was to talk to Leo Melamed and was transferred down to the trading floor to Leo. Leo gave my associate in 5 minutes everything he needed to know to set up the FCM. There was no compensation for Leo in this other than helping his industry grow. Leo did a lot of that through the years.

Leo has fought many battles through the years in exchange, industry and government circles. He has not won them all, but he has won enough of them and seemingly always moved the cause of the value of futures trading forward. And he has survived politically to fight another day.

Of course, there are some who would say he has moved the cause of futures trading backwards, or at least held it in place, by not moving the CME to a more electronic exchange faster. He gets criticism for being behind the departure of the most of the management team brought in to steward the Initial Public Offering of the CME. He doesn't get enough credit for helping bring them to the CME in the first place.

At a very high level, Leo and I have the same goals. We both want to see the futures industry grow and prosper. He knows his beloved CME will be a part of that future and we both know that liquid, transparent markets that foster true price discovery and allow risk transfer help people the world around.

When Leo came to the CME, the exchange helped producers and consumers of things like butter, eggs and onions hedge their risks. Since Leo became a political force at the CME, foreign currency futures, equity index futures and options and more have been introduced to help people all around the world manage financial risks. I could go on about how Leo helped change the world, but I won't. Leo wrote a book about it all and if you want to know more you should read his "Escape to the Futures."