

FINANCIAL TIMES

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WEDNESDAY OCTOBER 18 2006

◆ OBSERVER ◆

Chicago's godfather gets his way

Cross-town rivalries have defined Chicago ever since the mob years of the 1920s, when Al Capone's boys carried out a spectacular hit known as the St Valentine's day massacre. Then there is the scarcely polite disdain that Cubs and White Sox fans have for each other's baseball teams.

But in the Windy City there is one rivalry that trumps them all: that between the Chicago Mercantile Exchange - "the Merc" - and the Chicago Board of Trade, which are merging.

For more than a century since their founding in the late 19th century the Board of Trade was top dog, trading more agricultural futures contracts than anyone. Its art deco headquarters was home to "Wolf" - the world's oldest, largest futures exchange - an acronym bandied about the boardroom by its trader-owners, many of them Irish-Americans who still dominate the exchange today.

But for Leo Melamed, a Polish-born immigrant, this was too much. The former Merc chairman vowed to show CBOT who was boss. He pioneered electronic trading and financial futures at the Merc in the 1990s. By 2001, it had overtaken the Board of Trade, sealing Melamed's reputation as the godfather of the futures industry.

Yesterday the godfather - these days the Merc's "chairman emeritus" - said he was "proud to have been a part of the evolution of this dynamic industry". But what Melamed didn't say was he had fulfilled his ultimate dream: to buy the Board of Trade.

Unlike the mob years of last century, it looks as if there will be no blood on the streets of Chicago. Job losses look set to be minimal, which will please mayor Richard Daley - the city's ultimate boss.