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City may offer aid to Merc

Daley aims to keep exchange here

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Although the merger of the Chicago Mercantile Exchange and the Chicago Board of Trade is a done deal and now 400 jobs likely will be pared, the city is offering to throw some money at the newly combined company to make sure it stays put.

Mayor Richard Daley was asked Monday if he was prepared to provide city financial assistance in connection with the merger.

The answer was an emphatic yes.

"That's a simple question," he declared. "That's like a grand slam home run. I am so excited the merger took place between the Board of Trade and the Merc."

New York Michael Bloomberg has provided incentives to keep New York firms on Wall Street, Daley said, and he is prepared to do the same here with the exchanges.

"I will do anything possible to make sure they are staying here, make sure they expand -- anything they need. We will be talking to them -- whatever they need -- but is very important keeping them here."

"There are no commitments at this point," said Jodi Kawada, spokeswoman for the mayor. "They would have to apply and go through the review process."

The offer of assistance was first reported by Crain's Chicago Business.

Neither exchange has threatened to move.

The still sizable business of trading contracts face to face on an exchange floor essentially anchors the new exchange and is expected to continue for at least the next few years even as more trading is done electronically. The Merc is moving its floor traders to the Board of Trade building, while the Merc building will serve as the company's headquarters. The new combined company is called CME Group Inc.

Last week the exchange received letters of support from Lori Healey, the mayor's chief of staff, and from state economic development officials.

"The merger of the two companies will allow the retention of 1,750 jobs, plus the creation of approximately 750 new jobs over the next ten years," Healey's letter said.

The combined employment of the Board of Trade and Merc is about 2,150 people, according to representatives for the two exchanges.

This means about 400 jobs could be lost, according to a person familiar with the matter.

One reason given for the merger was to cut costs by \$150 million.

Merc spokesman Allan Schoenberg said \$52.5 million was to come through staff reductions and lower administrative costs.

He said he does not know how many people will lose their jobs. He said affected employees will be notified in mid-August.

Most likely layoffs will fall more heavily on the staff of the Board of Trade.

Peter Crist, chairman of Crist Associates, a senior level executive recruiting firm, said job losses are likely in areas such human resources and public relations where the merger created redundancies.

"If with your program manager, you only need two and there are four, two are going to go out the door," Crist said.

He also said wise management will move slowly in evicting people from their jobs at an acquired company. That is because skilled employees can be hard to come by.

"Smart buyers are willing to look at talent over a several-month time frame," Crist said.

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