

# LEADERS

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# Leading By Example

An Interview with Terrence A. Duffy, Chairman and Chief Executive Officer, CME Group

**EDITORS' NOTE** Terry Duffy serves as Chairman and Chief Executive Officer of CME Group, the world's leading derivatives marketplace. Previously, Duffy served as Executive Chairman and President since 2012 and as Executive Chairman since 2007. He served as Chairman of the Board of CME and CME Holdings since April 2002 and as Executive Chairman since October 2006. He was Vice Chairman of the Board of CME Holdings since 2001 and of the Board of CME from 1998 to 2002. He was President of TDA Trading from 1981 to 2002. Duffy has been a CME member since 1981 and a Board member since 1995. During his tenure, he took the company public and led the first merger in the futures industry, combining the Chicago Board of Trade and the Chicago Mercantile Exchange in 2007. The following year, he oversaw the acquisition of NYMEX. In 2018, he led the acquisition of NEX, streamlining trading across futures, options, cash and OTC markets. Duffy's landmark 2021 partnership with Google Cloud brings expanded access, new products and greater efficiencies to derivatives markets through cloud technology. Under Duffy's leadership, CME Group has received a wide range of industry awards recognizing the exchange, clearing house and product innovation. He was named FOW's International CEO of the Year, one of TabbFORUM's 40 Innovators in Financial Markets, and included in Crain's Who's Who in Chicago Business. Duffy was appointed by President Bush and confirmed by the U.S. Senate in 2003 to join the Federal Retirement Thrift Investment Board (FRTIB), a position he held until 2013. He serves as Co-Chair of the Mayo Clinic Greater Chicago Leadership Council and is Vice Chairman of the CME Group Foundation. He attended the University of Wisconsin-Whitewater and received a Doctor of Public Service, honoris causa, from Saint Xavier University and a Doctor of Humane Letters from DePaul University.



Terry Duffy

offer the widest range of global benchmark products across all major asset classes based on interest rates, equity indexes, foreign exchange, energy, agriculture, and metals. The company offers futures and options on futures trading through the CME Globex platform, fixed income trading via BrokerTec, and foreign exchange trading on the EBS platform. In addition, it operates one of the world's leading central counterparty clearing providers, CME Clearing.

## Will you highlight your career journey?

I was born and raised on the South Side of Chicago in a working-class neighborhood where most of the adults I knew were very hardworking teachers, firemen, policeman and nurses. When I was 18 years old, I was going to school in Wisconsin and working part-time as a bartender. I met a gentleman who was very successful in the futures industry who thought that I had a good mathematical mind and asked if I ever thought about getting into the futures world. At the time, I did not know anything about the industry, but I

went to work on the trading floor for a summer, and I never left. I became a member of CME just nine months after that – my parents mortgaged their home for me to lease a membership – and I became a trader. I fell in love with trading and found my career path, and 44 years later I am still here. There were ups and downs early in my career, and I made a few mistakes. At one point I misheard a trade and subsequently lost my parents' house. However, I was fortunate to have a mentor who believed in me and was willing to put his reputation behind me so that I could pay back any money lost. That experience taught me massive discipline, and I worked three jobs to pay back my debt. I learned early on that there is nothing more important in business than your reputation.

I became Vice Chairman of CME's board in 1998, then Chairman in 2002, and then led the IPO when CME became public in December of that year. I thought that I was finished and would move on to other things, but one thing led to another, and as the business was evolving with technology, I continued with CME. I love this organization, and I have been very blessed to spend my career here.



Terry Duffy interviewing former President George W. Bush and former Governor Jeb Bush (above); Terry Duffy on stage with Keith Urban (opposite page)

**COMPANY BRIEF** As the world's leading derivatives marketplace, CME Group ([cmegroup.com](http://cmegroup.com)) enables clients to trade futures, options, cash and OTC markets, optimize portfolios, and analyze data – empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group exchanges

**How critical has it been for CME Group to maintain its culture and values as it has evolved and grown?**

Our values have remained constant, and I think, for the most part, values should not change. Culture is a different thing. I believe that cultures are constantly evolving, and it is important to be aware of what is happening inside and outside of the company to ensure your culture can adapt to the times, while keeping your values consistent.

**Will you discuss CME Group's commitment to innovation?**

Innovation is critical to the lifeblood of any institution and a hallmark of CME Group. Leo Melamed, who invented financial futures and served on our board for many years, taught me a lot about innovation. That spirit has never left my approach to the business. I have tried to continue to invest in the areas of CME Group which are core to our success, while being willing to innovate and try new things so that we are adapting to the changing times and current opportunities.

**What have been the keys to CME Group's success with its mergers and acquisitions?**

You need to be open-minded and patient. When you are looking to consolidate efficiencies for clients – which is the number one priority we focus on when evaluating an opportunity at CME – you need to have the patience to go through the process and not get discouraged, and you need to be able to move forward in a way that you are not dismissive towards others. Any time you do a major transaction, people think about what it means for them, so you need to be able to communicate effectively throughout the process, both with your potential partner as well as with your community of employees. This is how you build trust and confidence with all people involved which is key to the success of any deal.

**How do you approach your management style?**

When it comes to talent and the workforce of CME Group, I try to lead by example, and this means being willing to do whatever is needed for the organization. An example would be during the collapse of MF Global, a major global financial derivatives broker. I was in our clearing house to support our staff as they worked to unwind trades through the crisis. I did whatever was needed, including acting as an assistant to the head of the clearing house by answering phones and responding to clients. While not obvious, an important way to show leadership is by actually doing whatever is necessary for the organization, and this resonates with your management team and trickles out to the entire workforce.

**What do you see as the responsibility that leading organizations have to be good corporate citizens and engaged in the communities they serve?**

While you need to focus on the bottom line and your fiduciary obligation, which I do very closely, there are other things that contribute to achieving the results you are focused on. I think it is important to be a good corporate citizen.

That includes understanding the diverse world we live in and being inclusive. At CME Group, I am very focused on building a diverse and inclusive workforce because we have a very diverse customer base. I am also looking at areas within the company that drive the bottom line beyond just transactions, such as being engaged in our communities and supporting important causes – all of which impact our financial results and ultimate success.

**How do you feel the people who have worked with you for many years would describe your management style?**

I think they would say I am an aggressive, involved leader. They would say I have an open-door policy and that they can come to me or call me any time. I am available to help problem-solve and encourage – even push – for strategic thinking and innovation. Now, from time to time, they may say some other things that are not as flattering, and that's okay, too. At the end of the day, we are a team, and we work together, in good times and not so good times, in the best interest of the organization.

**With all that CME Group has achieved under your leadership, are you able to enjoy the process and take moments to celebrate the wins?**

I do not celebrate the wins and, to be honest with you, I never have and never will. I like to get on to the next opportunity and want to make sure that any win is more than just a win for the day. The fact is that just because you announce something as a victory, that doesn't mean the work is done. In fact, it can turn into a loss very quickly if you do not continue to follow-up on it. An example would be when we did the merger with the Chicago Board of Trade, which was an industry first and the successful combination of what had been two leading, cross-town rivals. The process in getting that deal done was arduous and included a hostile bid from another third-party. Yet, the incredible jubilation of putting these two organizations together was really just the beginning. That transaction could have failed if we had not immediately begun working on combining our organizations and executing on our strategy to deliver new value to our clients. If you think about the timing of the merger in 2007, this was right before the financial crisis of 2008, and the success of the transaction was due to our continued focus on executing well after the deal was made. It is always important to acknowledge the work of the team in making things happen, but it has to be about more than celebrating. The focus needs to be on execution and delivering results.

**The CEO role can be isolating, but you have built many deep, personal relationships with people on your team as well as outside the organization throughout your career. How do you balance it all?**

It starts with a supportive and loving family. I do not believe that anyone can be truly successful without the support of their family. In addition, I have many people on my management team who have been with me for a long time, and who know that I am here to support them, just as they support me. We have built



trust and respect for each other, and that is a basis of a friendship. I also have some pretty wild friends. One who consults with me often, not on business, but on life, is Keith Urban. You may wonder why I am referencing a country music star, and it is because he is someone I talk to a few times a week. We discuss our lives, which can provide a sense of calm and help you get through the next day. Keith is just an amazing human being. It is special to have friends like him in my life.

**Do you feel that the type of careers the industry offers is well-understood by the next generation entering the workforce?**

The answer is yes and no. I think there are a lot of people who understand it, but because of the dynamic nature of our very complex business, there are many who do not fully understand it. This is an ever-changing industry, and you need to understand markets since the majority of our business is trading transactions. CME Group does not have the biggest workforce in terms of numbers, but we have great scale, and we have a talented group of people who are innovative and committed to the success of our organization.

**What advice do you offer to young people beginning their careers?**

One of my favorite things to do is speak at universities, and I think this upcoming generation has the greatest opportunity in mankind. I try to encourage young people because I believe they have the tools and the moment in time to be the biggest difference makers. I try to provide guidance from my experience, particularly as it relates to finding your passion and putting in the hard work. I could not be more excited for the future. ●