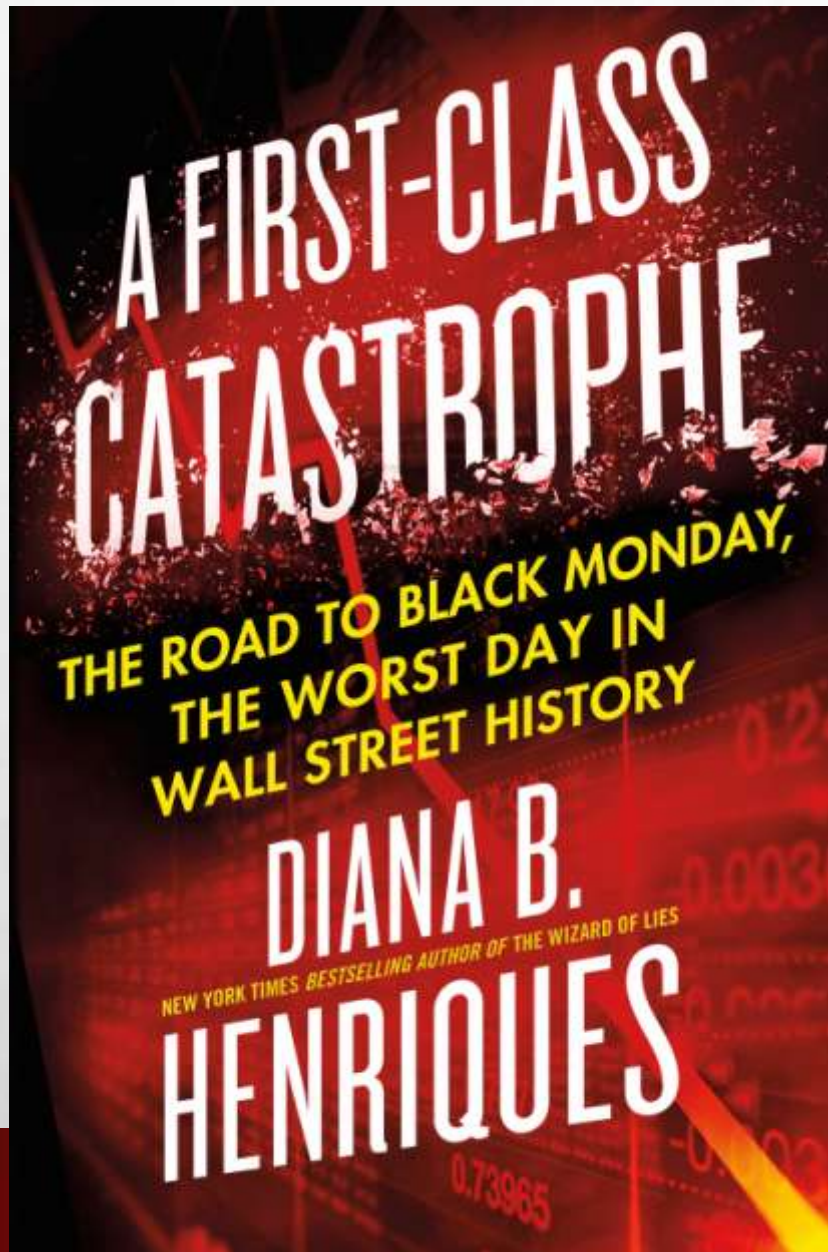


# **A FIRST-CLASS CATASTROPHE:**

**THE ROAD TO BLACK MONDAY,  
THE WORST DAY IN WALL STREET HISTORY**





# **WHAT WE SHOULD HAVE LEARNED FROM BLACK MONDAY 1987 – BUT DIDN'T!**

**BY DIANA B. HENRIQUES**

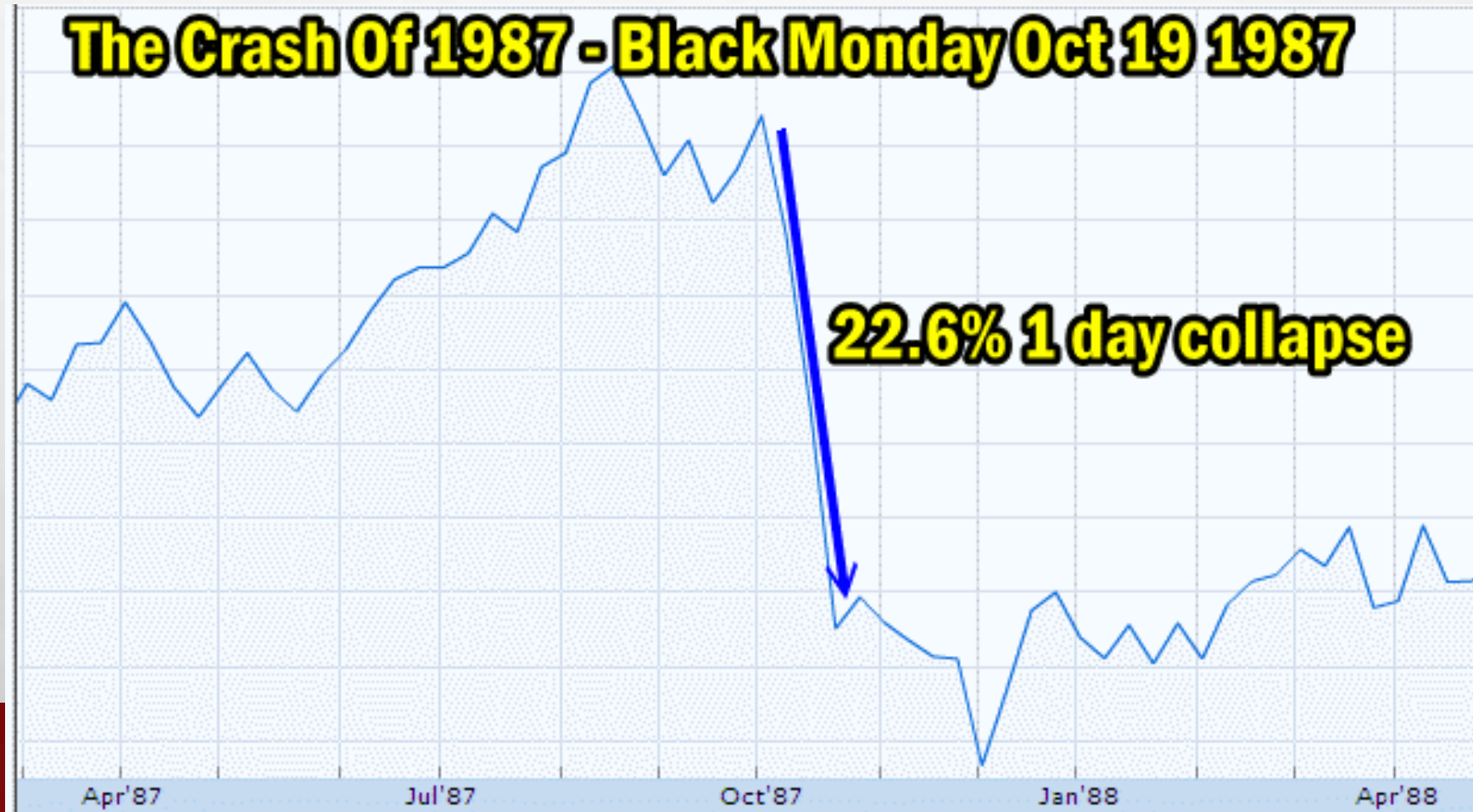




# BLACK MONDAY, 1987



# HOW BAD WAS IT? WORSE THAN ANY DAY BEFORE OR SINCE.

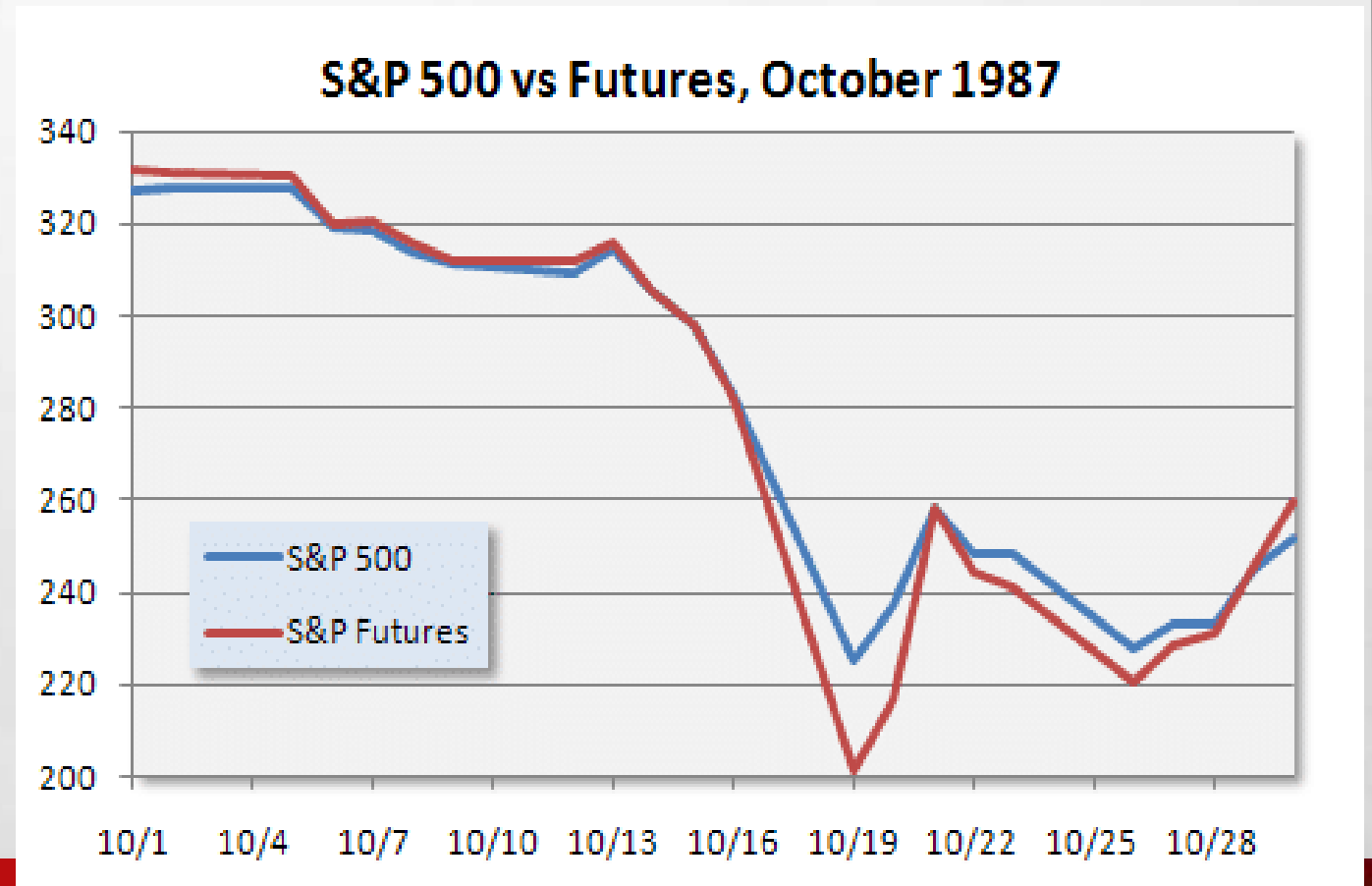




# BEYOND THE DOW

**THE STANDARD &  
POOR'S 500 INDEX  
FELL 20 PERCENT**

**THE S&P 500  
FUTURES CONTRACT  
FELL 28.6 PERCENT**



# **HONG KONG FELL 11% -- AND CLOSED**

**IT OPENED A WEEK**

**LATER & FELL 33 %**

**BY DECEMBER IT**

**HAD FALLEN 50 %**



# **A DEFIANT BANK SAVED A SINKING SUBSIDIARY -- AND HELPED SAVE THE OPTIONS MARKETS**



**Continental Illinois Bank**



**Chicago Board Options Exchange**



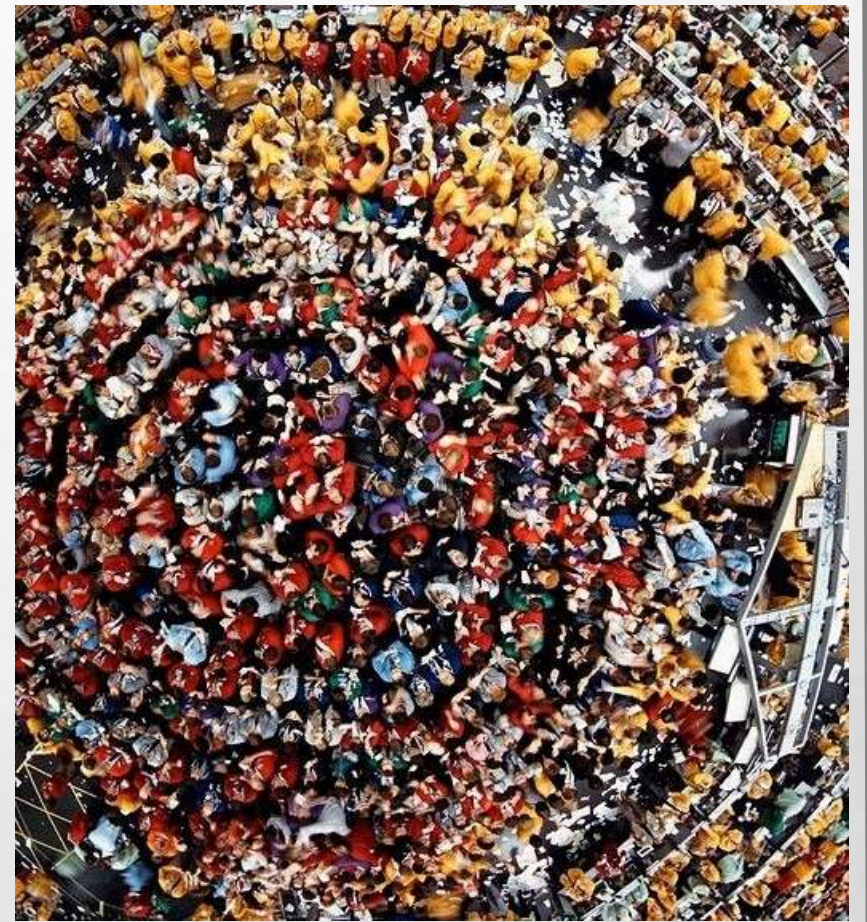
# THE CHICAGO MERC GOT A LIFE-SAVING, LAST-MINUTE \$400 MILLION LOAN



**Bill Brodsky**



**Leo Melamed**



**The S&P 500 Futures Pit**



*Charles Schwab & Co., Inc.*



**COULD  
CHARLES  
SCHWAB  
SURVIVE ITS  
LOSSES?**

# A WORRIED, DISTRACTED PRESIDENT...

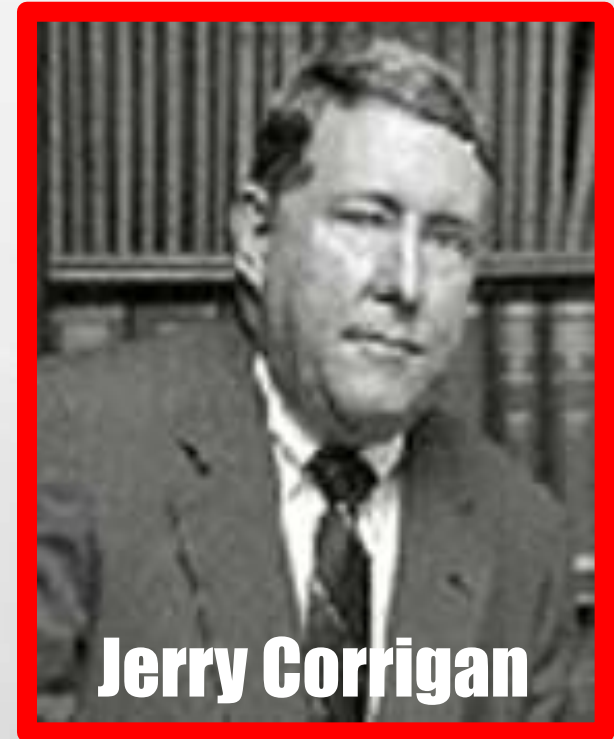
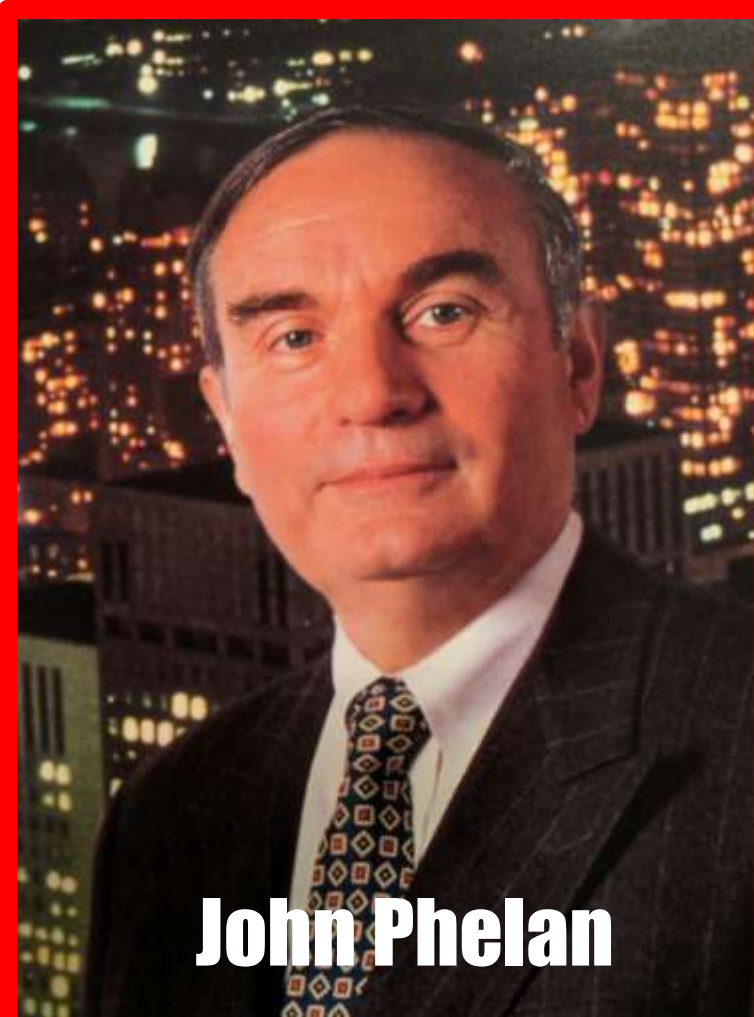






**ODDLY  
CHEERFUL  
REMARKS  
WERE NOT  
REASSURING**

# ACCIDENTAL HEROES...





# **PENSION FUNDS – THE NEW TITANS**



**Roland Machold**



**Gordon Binns**

# COMPUTER-DRIVEN STRATEGIES



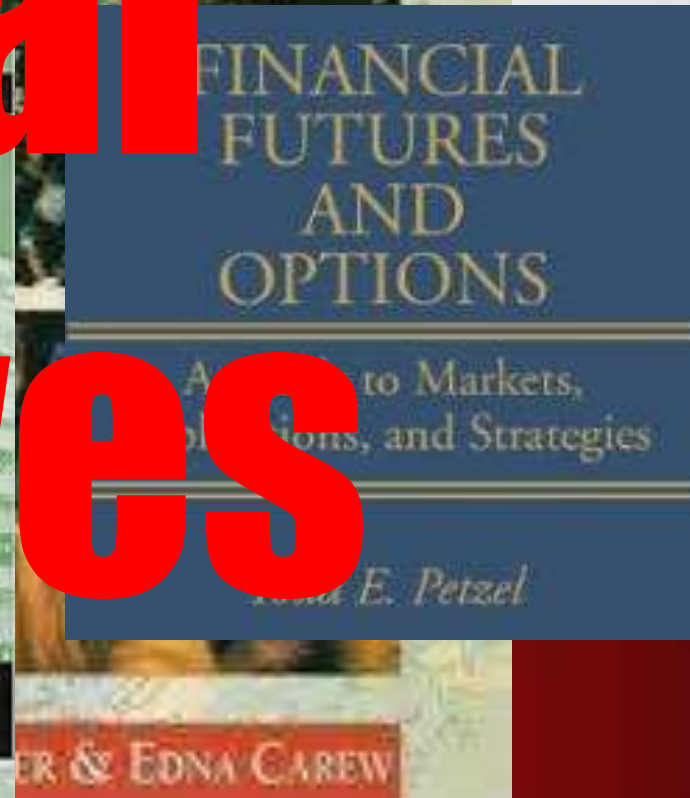
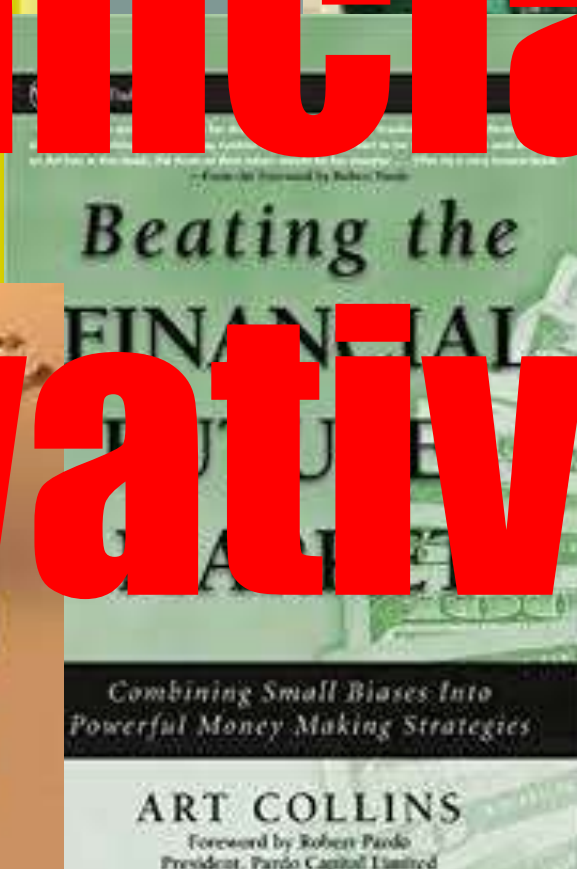
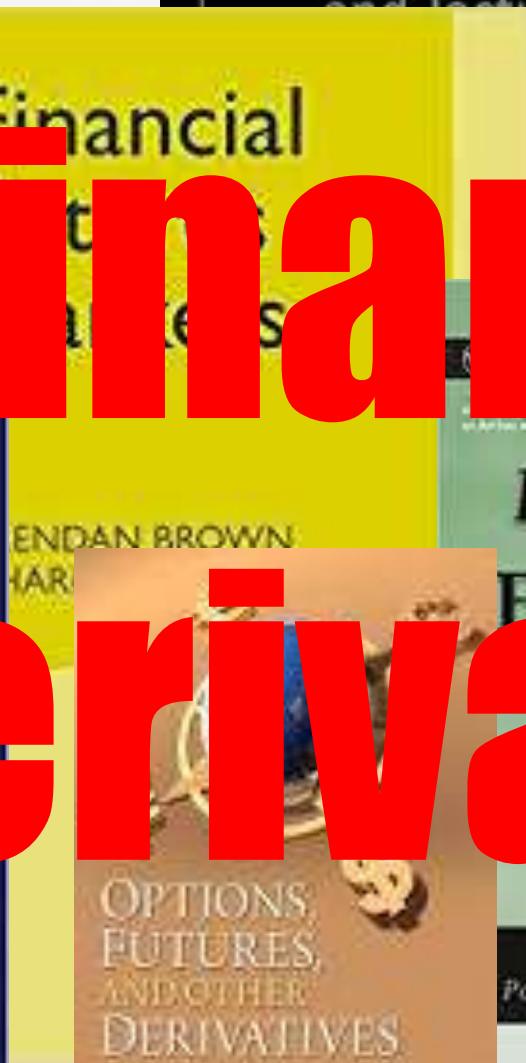
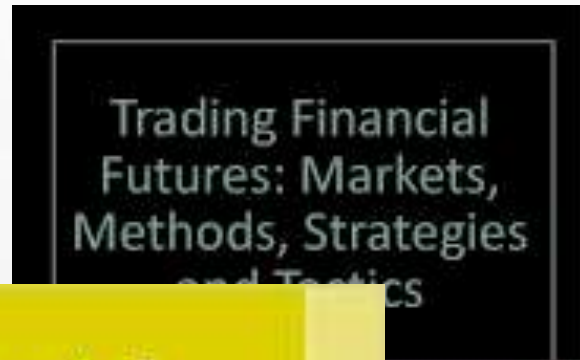
**Hayne Leland**



**Mark Rubinstein**



# Financial Derivatives



# **COPING WITH UNSEEN CHANGES**



**Paul Volcker**



**John Shad**



**David Ruder**



**THE  
NEW  
WORLD:**

**TITAN INVESTORS**

**COMPUTERIZED TRADES**

**UNTESTED DERIVATIVES**

**FRAGMENTED REGULATION**



# Too Many Regulators?







**THE BRADY COMMISSION:**  
**FIX OUR**  
**FRAGMENTED**  
**REGULATORY**  
**SYSTEM!**



**Former Treasury Secretary  
John Snow**



**SEC Chairman Chris Cox**

**AFTER 2008 MELTDOWN:  
FIX OUR  
'BALKANIZED'  
REGULATORY  
SYSTEM!**



# **TREASURY REPORT, OCTOBER 2017:**



**Treasury Secretary  
Steve Mnuchin**

**“OVERLAPPING MANDATES”**

**“JURISDICTIONAL FRICTION”**

**TOO LITTLE “HARMONIZATION”**

# ON BLACK MONDAY, MARKETS ALMOST FELL APART...

"All the News  
That's Fit to Print"

# The New York Times

Vol. CXXXVII... No. 47,388 Copyright © 1987 The New York Times NEW YORK, TUESDAY, OCTOBER 26, 1987 \$5 PER COPY (Including Sales Tax) 30 CENTS

**STOCKS PLUNGE 508 POINTS, A DROP OF 22.6%;  
604 MILLION VOLUME NEARLY DOUBLES RECORD**

## U.S. Ships Shell Iran Installation In Gulf Reprisal


*Offshore Target Termed  
a Base for Gunboats*

By STEVEN V. ROBERTS  
Special to The New York Times

WASHINGTON, Oct. 26 — United States naval forces struck back at Iran today for attacks on American-registered vessels and when Persian Gulf mapping by shelling two unoccupied oil-

### A Huge Blow to the Five-Year Bull Market

**Dow's Record Fall**  
Yesterday's 508-point drop, down 22.6 percent from Friday's close.



The Dow Jones Industrial average, which has been surging up since August 1986, began a dramatic decline today that continued through yesterday when it closed at 1,730.74. Shown: Weekly close of the Dow.

Source: Knight-Ridder Newspapers

## WORLDWIDE IMPACT

### Frenzied Trading Raises Fears of Recession — Tape 2 Hours Late

By LAWRENCE J. DE MARCO

Stock reaction prices plunged in a tumultuous wave of selling yesterday, giving Wall Street its worst day in history and raising fears of a recession.

The Dow Jones industrial average, considered a benchmark of the nation's health, plummeted a record 508



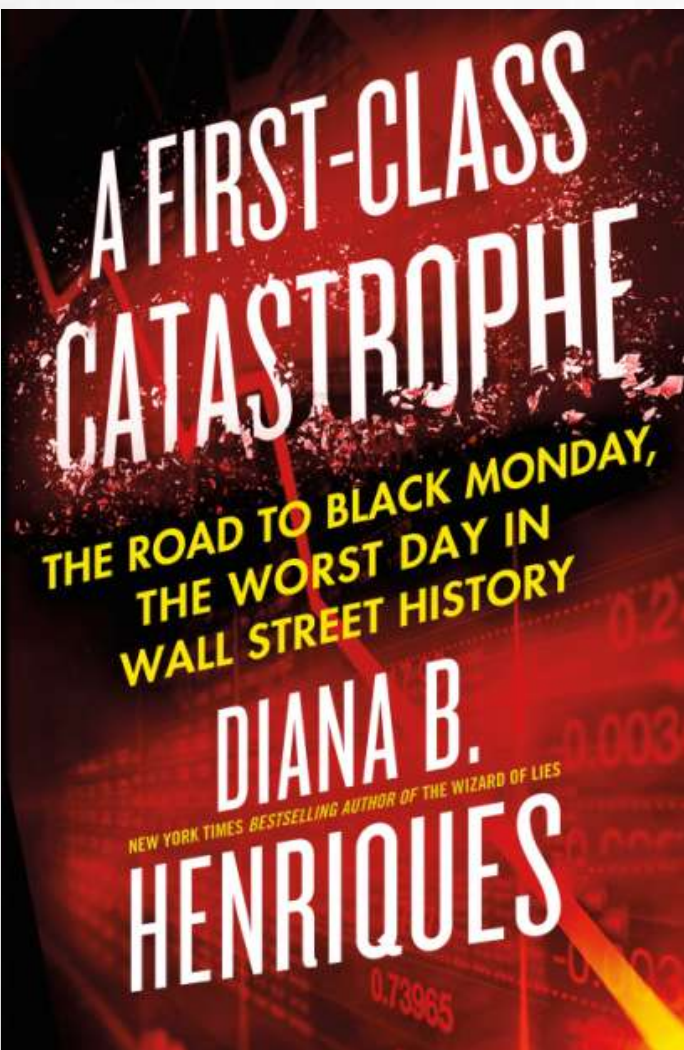
**Most of us  
are mice on  
the elephants'  
dance floor**



# When the Elephants Panic...?







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