

**UNITED STATES OF AMERICA**  
**Before the**  
**COMMODITY FUTURES TRADING COMMISSION**

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**In the Matter of:**

**Vitol, Inc. and Vitol SA,**

**Respondents.**

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**CFTC Docket No. 24-14**

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Office of Proceedings  
Proceedings Clerk

10:36 am, Aug 14, 2024

**ORDER INSTITUTING PROCEEDINGS PURSUANT TO  
SECTION 6(c) AND (d) OF THE COMMODITY EXCHANGE ACT, MAKING  
FINDINGS, AND IMPOSING REMEDIAL SANCTIONS**

**I. INTRODUCTION**

The Commodity Futures Trading Commission (“Commission”) has reason to believe that from at least May 2022 through December 2022 (the “Relevant Period”), Vitol SA and Vitol Inc. (collectively “Vitol” or “Respondents”) violated Section 4a(b) of the Commodity Exchange Act (“Act”), 7 U.S.C. § 6a(b), and Commission Regulation (“Regulation”) 150.2, 17 C.F.R. § 150.2 (2023). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Vitol engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

In anticipation of the institution of an administrative proceeding, Respondents have submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondents consent to the entry of this Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (“Order”) and acknowledge service of this Order.<sup>1</sup>

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<sup>1</sup> Vitol consents to the use of the findings of fact and conclusions of law in this Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof. Vitol does not consent, however, to the use of this Order, or the findings or conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party or claimant, other than: a proceeding in bankruptcy or receivership; or a proceeding to enforce the terms of this Order. Vitol does not consent to the use of the Offer or this Order, or the findings or conclusions in this Order, by any other party in any other proceeding.

## II. FINDINGS

The Commission finds the following:

### A. Summary

On five occasions during the Relevant Period, Vitol held positions in the CME Live Cattle Futures contracts, NYMEX WTI 1 Month Financial Calendar Spread Option (“NYMEX WTI Options”) and IFED WTI 1 Month Calendar Spread (Financial Option) (“IFED WTI Options”), as equivalents to the NYMEX Physically Settled West Texas Intermediate (“WTI”) Crude Oil contracts (CL), that exceeded the speculative position limits for those contracts set forth in Regulation 150.2, 17 C.F.R. § 150.2 (2023). In exceeding the position limits for these futures contracts during the Relevant Period, Vitol violated Section 4a(b) of the Act, 7 U.S.C. § 6a(b), and Regulation 150.2.

In accepting Respondents’ offer, the Commission recognizes the self-reporting of the CME Live Cattle Futures contracts position limits violation by and the cooperation of Vitol with the Division of Enforcement’s investigation of this matter.

### B. Respondents

**Vitol, Inc.**, based in Houston, Texas, and **Vitol SA**, headquartered in Geneva, Switzerland, are affiliates of the Vitol group of companies, a multinational energy and commodities trading firm. Neither **Vitol Inc.**, nor **Vitol SA** have ever been registered with the Commission.

### C. Facts

Regulation 150.2, 17 C.F.R. § 150.2 (2023) sets forth the federal speculative position limits for CME Live Cattle Futures. The federal spot month limit for Live Cattle Futures currently is and was in December 2022 600 contracts. On December 5, 2022, Vitol, Inc. held 771 December 2022 CME Live Cattle Futures contracts, 171 contracts over the limit of 600. Upon the market opening on December 6, Vitol liquidated its live overage to bring its position into compliance. Vitol, Inc. subsequently agreed to pay a fine to CME to settle its related exchange limit violation.

Regulation 150.2 and Appendix E to Part 150 also establishes a federal limit for a group of financially settled contracts that reference certain core futures contracts. The NYMEX Physically Settled WTI Crude Oil Futures (“CL”) contract is the reference contract for both the NYMEX WTI Options and the IFED WTI Options. For contracts in that financially-settled group, the Commission applies the position limits by looking to a person’s positions across different exchanges. When a person holds options, the Commission converts the options position into an equivalent futures position. The positions, converted to their equivalents in CL contracts, are added together to determine whether the person is under the federal speculative limit. The federal limits in the spot month for CL-equivalent contracts was 6,000 on May 17, 2021, 5,000 on May 18, 6,000 contracts on June 15, 2021, and 5,000 on June 16, 2021.

On May 17, 2022, Vitol SA held positions in NYMEX Options and IFED Options equivalent to 7,484 CL contracts, 1484 contracts over the limit of 6,000. On May 18, 2022, Vitol held a position equivalent of 7,091 contracts, 2,091 contracts over that day’s limit of 5,000. On June 15, 2022, Vitol SA held a position equivalent to 6,074 contracts, 74 contracts over the limit of 6,000. On June 16, 2022, Vitol SA held a position equivalent to 6,594, 1,594 contracts over that day’s limit of 5,000.

Vitol Position Limit Violations

Date	Product	Futures or Futures Equivalent Position	Spot Month Limit	Overage
5/17/2022	NYMEX WTI and IFED WTI Options	7484	6000	1484
5/18/2022	NYMEX WTI and IFED WTI Options	7091	5000	2091
6/15/2022	NYMEX WTI and IFED WTI Options	6074	6000	74
6/16/2022	NYMEX WTI and IFED WTI Options	6594	5000	1594
12/5/2022	CME Live Cattle Futures	771	600	171

**III. LEGAL DISCUSSION**

**A. Position Limit Violations**

Section 4a(b) of the Act, 7 U.S.C. § 6a(b), makes it unlawful “directly or indirectly to hold or control a net long or a net short position in any commodity for future delivery . . . in excess of any position limit fixed by the Commission for or with respect to such commodity... .” On December 5, 2022, as set forth in Regulation 150.2, 17 C.F.R. § 150.2 (2023), and the Commission’s limits for physical CME Live Cattle Futures was 600 contracts. On May 17 and June 15, 2022, the Commission’s limit for NYMEX’s CL-equivalents was 6000 contracts. On May 18 and June 16 2022, the Commission’s limit for CL was 5,000 contracts. The Commission is not required to establish scienter—i.e., proof of intent to exceed the applicable position limit—to prove a violation of position limits. *Saberi v. CFTC*, 488 F.3d 1207, 1212 (9th Cir. 2007); *CFTC v. Hunt*, 591 F.2d 1211, 1218 (7th Cir. 1979). Moreover, the Act “unambiguously imposes liability” for position limit violations. *Saberi*, 488 F.3d at 1212 n.4 (rejecting a trader’s contention that the Division was required to prove that he intended to violate the speculative position limits) (citing *Hunt*, 591 F.2d at 1218).<sup>2</sup>

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<sup>2</sup> The Division of Market Oversight’s Position Limits Workbook, available at <https://www.cftc.gov/media/5481/StaffWorkbookDec2020/download> provides a list of the core referenced futures

Because Vitol held positions in the CME Live Cattle Futures and aggregate futures equivalent positions in the NYMEX WTI Options and IFED WTI Options, in excess of the position limit for the applicable contract during the Relevant Period, Vitol violated Section 4a(b) of the Act and Regulation 150.2.

#### **IV. FINDINGS OF VIOLATIONS**

Based on the foregoing, the Commission finds that, during the Relevant Period, Vitol violated Section 4a(b) of the Act, 7 U.S.C. §§ 6a(b), and Regulation 150.2, 17 C.F.R. § 150.2 (2023).

#### **V. OFFER OF SETTLEMENT**

Respondents have submitted the Offer in which Respondents knowing and voluntarily, without admitting or denying the findings and conclusions herein:

- A.** Consents to the resolution of this matter in an administrative proceeding;
- B.** Acknowledge service of this Order;
- C.** Admit the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- D.** Waive:
  - 1.** The filing and service of a complaint and notice of hearing;
  - 2.** A hearing;
  - 3.** All post-hearing procedures;
  - 4.** Any and all rights or defenses Respondents have or might have for the matter to be adjudicated in a federal district court in the first instance, including any associated right to a jury trial;
  - 5.** Judicial review by any court;
  - 6.** Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
  - 7.** Any and all claims that Respondents may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412, and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the

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contracts, along with a non-exhaustive list of linked referenced contracts (i.e., cash-settled futures contracts and options on futures contracts that are linked to a core referenced futures contract), that would be subject to federal position limits in connection with the position limits final rule. Both the NYMEX and IFED WTI calendar spread options are identified therein.

Regulations, 17 C.F.R. pt. 148 (2023), relating to, or arising from, this proceeding;

8. Any and all claims that Respondents may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104–121, §§ 201–253, 110 Stat. 847, 857–68 (codified as amended in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this proceeding; and
  9. Any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;
- E.** Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have consented in the Offer;
- F.** Consent, solely on the basis of the Offer, to the Commission’s entry of this Order that:
1. Makes findings by the Commission that Respondent violated Section 4a(b) of the Act, 7 U.S.C. §§ 6a(b), and Regulation 150.2, 17 C.F.R. § 150.2 (2023);
  2. Orders Respondents to cease and desist from violating Section 4a(b) and Regulation 150.2;
  3. Orders Respondents to pay, jointly and severally, a civil monetary penalty in the amount of Five Hundred Thousand dollars (\$500,000), plus post-judgment interest within ten days of the date of entry of this Order;

Upon consideration, the Commission has determined to accept the Offer.

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## **VI. ORDER**

**Accordingly, IT IS HEREBY ORDERED THAT:**

- A.** Respondents shall cease and desist from violating Section 4a(b) of the Act, 7 U.S.C. §§ 6a(b), and Regulation 150.2, 17 C.F.R. 150.2;
- B.** Respondents shall pay, jointly and severally, a civil monetary penalty in the amount of five hundred thousand dollars (\$500,000), plus post-judgment interest, within ten (10) business days of the date of entry of this Order (the “CMP Obligation”). If the CMP Obligation is not paid in full or otherwise satisfied within ten business days of the date of entry of this Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this

Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

Respondents shall pay the CMP Obligation and any post-judgment interest by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326  
Commodity Futures Trading Commission  
Division of Enforcement  
6500 S. MacArthur Blvd.  
HQ Room 266  
Oklahoma City, OK 73169  
9-AMC-AR-CFTC@faa.gov

If payment is to be made by electronic funds transfer, Respondents shall contact the Federal Aviation Administration at the above email address to receive payment instructions and shall fully comply with those instructions. Respondents shall accompany payment of the CMP Obligation with a cover letter that identifies the Respondent and the name and docket number of this proceeding. Respondents shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

**C. Respondents and their successors and assigns shall comply with the following conditions and undertakings set forth in the Offer:**

1. **Public Statements:** Respondents agree that neither they nor any of their successors and assigns, agents or employees under their authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondents' (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents and their successors and assigns shall comply with this agreement, and shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement.
2. **Partial Satisfaction:** Respondents understand and agree that any acceptance by the Commission of any partial payment of Respondents' CMP Obligation shall not be deemed a waiver of their obligation to make

further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

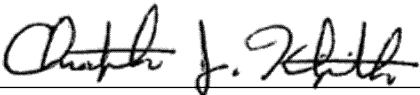
3. Change of Address/Phone: Until such time as Respondents satisfy in full their CMP Obligation as set forth in this Order, Respondents shall provide written notice to the Commission by certified mail of any change to their telephone numbers and mailing addresses within ten calendar days of the change.
4. Until such time as Respondents satisfy in full their CMP Obligation, upon the commencement by or against Respondents of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of Respondents' debts, all notices to creditors required to be furnished to the Commission under Title 11 of the United States Code or other applicable law with respect to such insolvency, receivership bankruptcy or other proceedings, shall be sent to the address below:

Secretary of the Commission  
Office of the General Counsel  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street N.W.  
Washington, DC 20581

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The provisions of this Order shall be effective as of this date.

By the Commission.



Christopher J. Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission

Dated: August 14, 2024