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Release Number 8942-24

CFTC Orders Multinational Commodities Trading Firm to Pay \$500,000 Penalty for Federal Position Limit Violations

Matter Represents First Ever Cross-Exchange Violation Charge

August 14, 2024

Washington, D.C. — The Commodity Futures Trading Commission today issued an order filing and settling charges against **Vitol, Inc.**, based in Houston, Texas, and its affiliate, **Vitol SA**, headquartered in Geneva, Switzerland (collectively Vitol) for exceeding the CFTC’s position limits on aggregate positions across multiple exchanges in contracts that reference crude oil futures traded on the New York Mercantile Exchange (NYMEX) and for exceeding the CFTC’s position limits in live cattle futures contracts traded on the Chicago Mercantile Exchange (CME). The order requires Vitol to pay a \$500,000 civil monetary penalty.

This marks the CFTC’s first use of its authority to enforce position limits on aggregate positions held on multiple exchanges. In addition to imposing a penalty, the order requires Vitol to cease and desist from further violations of Sections 4a(b) of the Commodity Exchange Act and CFTC Regulation 150.2, as charged.

“Federal position limits provide an important prophylactic against manipulation,” said Director of Enforcement Ian McGinley. “Today’s action shows the CFTC will use its ability to look at positions on and across exchanges to enforce compliance and protect the integrity of the futures markets.”

Case Background

The CFTC established federal speculative position limits for certain physical-delivery referenced contracts, including the NYMEX Physically Settled West Texas Intermediate Crude Oil contract (CL). For financially-settled options referencing the CL contract, applicable positions are determined by converting the options into their futures equivalents and aggregating those equivalents across a firm’s various positions.

The order finds on May 17, 2022, Vitol held positions in financially-settled calendar spread options traded on NYMEX and ICE Futures Energy Division (IFED) exchanges that referenced the CL contract equivalent to 7,484 CL contracts, 1,484 contracts over the federal speculative limit of 6,000. On May 18, 2022, Vitol held a position equivalent of 7,091 contracts, 2,091 contracts over that day’s federal speculative limit of 5,000. On June 15, 2022, Vitol held a position equivalent to 6,074 contracts, 74 contracts over the federal speculative limit of 6,000. And on June 16, 2022, Vitol held a position equivalent to 6,594, 1,594 contracts over that day’s federal speculative limit of 5,000.

The order also finds on December 5, 2022, Vitol held 771 December 2022 CME Live Cattle Futures contracts. The position exceeded by 171 the federal spot month speculative position limit of 600 contracts.

The Division of Enforcement staff responsible for this matter are Trevor Kokal, Michael P. Geiser, Carrie Kennedy, K. Brent Tomer, Lenel Hickson, Jr., and Manal M. Sultan.

-CFTC-

RELATED LINKS

Order: Vitol SA, Vitol, Inc.

Resources

- CFTC Regulations
- Commodity Exchange Act
- Privacy Policy
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- EEO Statement
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