



## **PRESS RELEASE - CORDIS**

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The Dispute Settlement and Sanctions Committee (*CoRDIS*) imposes a penalty for market manipulations on the wholesale energy market

**The Dispute Settlement and Sanctions Committee of CRE fines VITOL S.A. € 5 million for engaging in market manipulation on the French Southern virtual Gas Trading Point ("*PEG Sud*") between 1 June 2013 and 31 March 2014**

In December 2016, the President of CRE lodged a sanction request with the *CoRDIS* pursuant to Article L. 134-25 of the French Energy Code. This request was based on the findings of the investigation opened in April 2014, which found VITOL S.A.'s behaviour to be likely to breach rules laid down in the European Regulation of 25 October 2011 on wholesale energy market integrity and transparency (REMIT Regulation).

Founded in Rotterdam in 1966, VITOL group currently has 40 offices worldwide and trades over seven million barrels of crude oil and products a day. Besides crude oil and product brokerage, the group is specialised in energy and is particularly active in physical trading.

In its decision dated 5 October 2018, the *CoRDIS* held that VITOL S.A. had engaged in market manipulations on the French Southern virtual Gas Trading Point ("*PEG Sud*"), in breach of Article 5 of the REMIT Regulation.

Indeed, the *CoRDIS* found that VITOL S.A. carried out, over the course of 65 cases spread over 54 trading days a *modus operandi* consisting of the following steps:

- First, VITOL S.A. would issue multiple sell orders, generally at the beginning of the trading day (especially before 3 p.m.), when liquidity was low. As the day moves along, VITOL S.A. would issue sell orders at gradually decreasing prices. These sell orders would then decrease after 4 a.m. during the more liquid period of the day;
- Second, once prices had decreased, VITOL S.A. would engage in important purchases;
- Third, after having proceeded with those purchases, VITOL S.A. would cancel its sell orders to finish the day as a net buyer.

VITOL S.A.'s *modus operandi* was, on the one hand, likely to give the market misleading signals as to the supply or demand on the *PEG Sud* and, on the other hand, in the absence of any counterevidence from VITOL S.A., this behaviour did not follow a rational economic logic.

Therefore, the *CoRDIS* decided to impose a € 5 million fine on VITOL S.A. for having engaged in market manipulations on the *PEG Sud* between 1 June 2013 and 31 March 2014.

This is the first decision imposing a penalty within the framework of the REMIT Regulation in France. In a previous decision dated 11 June 2018, the *CoRDIS* has already fined a company for infringing a dispute settlement decision.

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**Press contacts :**

**Anne MONTEIL : +331.44.50.41.77 – [anne.monteil@cre.fr](mailto:anne.monteil@cre.fr) et Lucile BEALLE : +331.44.50.41.13 – [lucile.bealle@cre.fr](mailto:lucile.bealle@cre.fr)**

*CRE, the French Energy Regulatory Commission, was created on 24 March 2000. Its role is to ensure that the electricity and gas markets in France function smoothly, for the benefit of end consumers and in line with energy policy objectives.*

*The Dispute Settlement and Sanctions Committee, known by its French acronym "CoRDIS" (Comité de règlement des différends et des sanctions), comprises four members, including two members of the Conseil d'Etat (French Council of State), and two judges from the Cour de cassation (France's Supreme Court). They are tasked with settling disputes concerning access to and use of the public electricity and gas networks between operators and users, and also with penalising infringements of the Energy Code.*