

Commodities Trading



S&C has current experience advising commercial and investment banks, hedge funds, utilities and other players in connection with the structuring, offering and trading of commodity and derivative products. Our lawyers are adept at advising on the development of new technologies, financial indices, electronic trading systems, exchanges and clearing houses in the oil and gas, power and other energy sectors. In this context, we advise on regulatory and litigation matters relating to our clients' businesses in energy sector commodities, futures and derivatives.

SELECTED REPRESENTATIONS

Our commodities trading sector experience includes the following highlights.

- [Mergers & Acquisitions](#)
- [Litigation and Regulatory](#)

Mergers & Acquisitions

- **Archipelago Holdings** in its \$10.5 billion merger with New York Stock Exchange, forming NYSE Group the largest-ever merger among securities exchanges
- **Bank of New York Mellon** in its sale of BNY ConvergeEx Group (execution services business) to an investor group comprising Bain Capital and Blackstone Group
- **Castleton Commodities International** in its definitive agreement to acquire Morgan Stanley's Global Oil Merchandising business
- **Chicago Climate Exchange** in the structuring and development of the exchange and related applications for CFTC approval, on organizing and handling regulatory filings for the exchange, and in its agreement with the International Petroleum Exchange (IPE) to trade European emissions credits on IPE's electronic platform in London
- **Citadel Investment Group** in its acquisition of a substantial portfolio of assets from Sentinel Management and in its acquisition of the energy trading book of Amaranth LLC
- **Constellation Energy** in the sale of its European coal and energy trading businesses to Goldman Sachs and the sale of its U.S. downstream natural gas trading businesses to Macquarie Cook Energy
- **Energy Trading Innovations (ETI)** in its purchase of a 47

PRACTICES & CAPABILITIES

Commodities Trading

Energy & Natural Resources

Power & Utilities

Oil & Gas

Mining & Metals

Renewable & Alternative Energy

percent stake in Louis Dreyfus Highbridge Energy (LDHE) and its concurrent definitive contribution agreement with Dubin & Co. through which Dubin & Co. would contribute the 51 percent stake in LDHE it held in exchange for interests in ETI, which will own approximately 98 percent of the interests in LDHE, to be renamed Castleton Commodities International

- **Goldman, Sachs & Co.** in the acquisition of Goldman Sachs JBWere Financial Markets Pty Ltd, the wholly owned subsidiary of Goldman Sachs JBWere Holding, Goldman Sachs' joint venture in Australia
- **Intercontinental Exchange**, the leading electronic trading platform for energy derivatives, in its \$8.2 billion acquisition of NYSE Euronext, its \$11.3 billion joint proposal with The NASDAQ OMX Group, Inc. to acquire NYSE Euronext, later withdrawn, its joint venture with NGX, its \$625 million acquisition of Creditex, its \$1.7 billion acquisition of New York Board of Trade and its \$68 million merger with International Petroleum Exchange
- **Hess Corporation** in its agreement with an affiliate of funds managed by Oaktree Capital Management L.P. pursuant to which Hess will sell to Oaktree its interest in Hess Energy Trading Company
- **Occidental Petroleum** in its approximately \$250 million acquisition of Phibro Energy from Citibank
- **Osaka Securities Exchange Co.** in its \$1.1 billion business combination with Tokyo Stock Exchange Group
- **Prudential Financial, Inc.** in the \$1.2 billion sale of its global commodities business to Jefferies Group
- **Sempra Energy Trading Corp.** in connection with its sale of the natural gas, power, energy and commodity trading platform of its RBS-Sempra global commodities joint venture to Société Générale and Société Générale Energy Corp; its sale of the North American natural gas and power trading agreements and related commodity inventories, and the global metals and oil, as well as the European power and gas, businesses of its RBS-Sempra global commodities joint venture to J.P. Morgan Ventures Energy Corporation, the commodities trading subsidiary of J.P. Morgan Chase; its sale of the Sempra Energy Solutions LLC unit of its RBS-Sempra joint venture to Noble Americas Gas & Power Corp., a wholly owned subsidiary of Hong Kong-based Noble Group Limited; its acquisition of IDACORP Energy L.P.; and its \$44 million acquisition of Enron Corp.'s metals concentrates business
- **UBS** in matters including the sale of substantial components of its energy commodities trading business in separate transactions to Scotia Capital, Barclays, J.P. Morgan Ventures Energy and JP Morgan Chase Bank and its \$386 million acquisition of the global futures and options business of ABN AMRO Bank N.V.
- **UBS Warburg** in its acquisition of the electricity and gas trading business of Enron Corp.

Litigation and Regulatory

- **BP** in the settlement of DOJ and CFTC investigations of commodities manipulation, including entering into a deferred prosecution agreement with the DOJ and a consent order with the CFTC
- **El Paso Merchant Energy**, a unit of El Paso Corporation, in its settlement with the CFTC relating to the inaccurate reporting of information on natural gas trades to energy industry publications that compile and report index prices
- **Entergy-Koch Trading** in its settlement of allegations of false price reporting with the CFTC
- **JPMorgan Chase** in resolving a five-year-long CFTC investigation related to alleged manipulation of the silver market that was resolved without any charges being filed. It is extremely rare, almost unprecedented, for the CFTC to publicly announce that it is closing an investigation without bringing any charges.
- **Merrill Lynch** in a CFTC investigation arising out of Sumitomo's alleged manipulation of copper on the London Metal Exchange and in other markets
- **Merrill Lynch Commodities** in responding to CFTC requests for documents and information. The requests were made in regard to the CFTC's industry-wide National Crude Oil Investigation that was publicly announced in June 2008. S&C also served as counsel to several other energy trading companies in the National Crude Oil Investigation.
- **RBS Sempra** in resolving CFTC investigation into NYMEX exchange of futures for swaps transactions
- **Two prominent international financial institutions** in well-publicized, industry-wide regulatory investigations by authorities in several countries, including the CFTC and DOJ, into potential irregularities in the setting of the LIBOR interest rates, in addition to related class action litigation
- **Swap intermediaries and trading companies** in various CFTC ongoing investigations of speculative trading activities
- **Vitol S.A.**, the world's largest independent energy trader, in resolving DOJ, SEC and New York County District Attorney's Office investigations arising from its participation in the U.N. Oil-For-Food Programme