

**NATIONAL FUTURES ASSOCIATION
BEFORE THE HEARING PANEL**

FILED
OCT 20 2020
NATIONAL FUTURES ASSOCIATION
LEGAL DOCKETING

In the Matter of:)
)
HIGHLAND QUANTITATIVE)
DRIVEN INVESTMENTS LLC) NFA Case No. 20-BCC-004
(NFA ID #497798),)
)
Respondent.)

DECISION

Having reviewed all matters relevant to the Complaint issued by the Business Conduct Committee (BCC) in the above-captioned case, and having considered the Offer of Settlement (Offer) submitted by Highland Quantitative Driven Investments LLC (Highland), and having accepted the Offer, the Hearing Panel hereby issues this Decision as to Highland.

I

ALLEGED VIOLATIONS OF NFA REQUIREMENTS

On March 11, 2020, the BCC issued a Complaint against Highland, a commodity pool operator Member of NFA located in Aspen, Colorado. The Complaint charged Highland with engaging in a course of conduct that furthered its interests over the interests of participants in the Highland Quantitative Investment Fund, LP (the Fund), a commodity pool operated by Highland, by permitting the Fund to make improper advances and a prohibited loan of the Fund's assets to an affiliated non-Member company and by amending the Fund's documents to avoid repaying the Fund, in violation of NFA Compliance Rules 2-4 and 2-45.

The Complaint also charged Highland with sending pool participants deceptive and misleading communications, in violation of NFA Compliance Rules 2-2(a)

and 2-29(a)(1); attempting to deceive and mislead NFA, in violation of NFA Compliance Rule 2-2(f); permitting an individual to act as an associated person (AP) without sponsoring the individual as an AP of the firm, in violation of NFA Bylaw 301(b) and further violation of Compliance Rule 2-4; and failing to timely deliver account statements to pool participants and timely file quarterly and annual pool reports with NFA, in violation of NFA Compliance Rules 2-13 and 2-46. The Complaint also charged Highland with failing to diligently supervise the firm's operations, in violation of NFA Compliance Rule 2-9(a).

II

OFFER OF SETTLEMENT

Without admitting or denying the allegations of the Complaint, Highland submitted an Offer in which it agreed to settle the charges against it on the following terms:

- a. Highland agreed to withdraw from NFA membership by no later than December 31, 2020 and, thereafter, not to reapply for NFA membership or act as a principal of an NFA Member at any time in the future.
- b. Highland agreed, by no later than December 31, 2020, to return to the third-party investors in the Fund their pro-rata share of capital in the Fund or otherwise adhere to such third-party investors' instructions regarding their respective capital.

In the Offer, Highland acknowledged that any Decision accepting the Offer would include findings that Highland violated NFA Compliance Rules 2-4, 2-9(a), 2-13, 2-45, 2-46 and NFA Bylaw 301(b).

III

FINDINGS

Pursuant to the Offer, the Hearing Panel finds that Highland violated NFA Compliance Rules 2-4, 2-9(a), 2-13, 2-45, 2-46, and NFA Bylaw 301(b).

IV

PENALTY

Having considered this matter and having accepted the Offer submitted by Highland, the Hearing Panel orders as follows:

- a. Highland shall withdraw from NFA membership by no later than December 31, 2020 and, thereafter, not reapply for NFA membership or act as a principal of an NFA Member at any time in the future.
- b. Highland shall, by no later than December 31, 2020, return to the third-party investors in the Fund their pro-rata share of capital in the Fund or otherwise adhere to such third-party investors' instructions regarding their respective capital.

The Hearing Panel's acceptance of the Offer and this Decision shall settle the Complaint against Highland in this case and all matters relating to the Complaint against it; shall operate to bar any future ARA, MRA or BCC Complaints against Highland for any conduct occurring prior to the date of the Offer, of which NFA has corporate knowledge; and shall resolve and terminate all complaints, investigations, examinations and audits relating to Highland, which are pending as of the date of the Offer. The Offer and this Decision shall not be used as a sole basis for any other action or proceeding by NFA against Highland, including any registration matter, except they may be used in an action to enforce the terms thereof or in a subsequent disciplinary action or regulatory action, where they may be considered as evidence in aggravation.

**NATIONAL FUTURES ASSOCIATION
HEARING COMMITTEE**

Date: 10/20/2020

By: *Paul B. O'Kelly*
Chairperson

M:/ham/bccdecision/highland