

ANSWER TO COMPLAINT
Before the Business Conduct Committee of the National Futures
Association
NFA Case No. 25-BCC-05

Respondents: Algoritmica Portfolio Management LLC and Lino David Flores Hidalgo

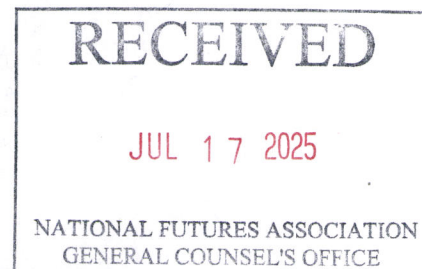
Respondents, Algoritmica Portfolio Management LLC (“Algoritmica”) and Lino David Flores Hidalgo (“Hidalgo”), through counsel, respectfully submit this Answer to the Complaint filed by the National Futures Association (NFA) and respond to the numbered allegations as follows:

JURISDICTIONAL STATEMENTS

1. Admitted that Algoritmica was registered as a CPO and CTA with the Commodity Futures Trading Commission (CFTC) and approved as an NFA Member.
 2. Admitted that Mr. Hidalgo was at all relevant times a principal and AP of Algoritmica and an NFA Associate. Respondents deny that Mr. Hidalgo engaged in any conduct that constituted a violation of NFA Requirements and deny that Algoritmica is strictly liable for conduct that does not rise to a regulatory breach.
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BACKGROUND FACTS

- 3–4. Admitted.
5. Admitted that Algoritmica operates the two named pools.
6. Admitted.
7. Admitted.



8. Denied. Losses were incurred from September through November 2024. Furthermore, NAV assessments were based on third-party administrator data and did not reflect operational mismanagement or misconduct.

9. Denied. Respondents dispute the claim that they failed to cooperate fully or promptly. The information we couldn't provide was not available.

APPLICABLE RULES (¶10–15)

10–15. Respondents acknowledge the cited NFA Compliance Rules and CFTC Regulations but deny any violation thereof and affirm their intent to comply fully with all such provisions.

COUNT I – ALLEGED VIOLATIONS OF NFA COMPLIANCE RULE 2-13(a)

Failure to Meet QEP Requirements, Use of Misleading DD, Reporting Failures

16. Denied.

17. Admitted. Algoritmica claimed the CFTC Regulation 4.7 exemption based on good-faith determinations and representations from investors. All participants completed subscription documents affirming their Qualified Eligible Person (QEP) status, and no red flags indicated those representations were unreliable.

18. Admitted. Participant 1 and Participant 2 submitted documentation supporting their QEP claims. Participant 1 is a QEP as she communicated verbally and in writing.

19. Denied. Participant 3 was not acting on behalf of Algoritmica nor under its instruction. Any assistance rendered by Participant 3 was incidental and personal. There was no authorized solicitation by this individual that would trigger AP registration requirements.

- 20.** Denied. Participant 3 did not act in a manner requiring AP registration. The solicitation, if any, was social, non-compensated, and outside the control of the firm.
- 21.** Denied. Respondents have no information that Participant 3 helped Participant 1. The documents were submitted and signed by Participant 1. Any assistance, if any, by Participant 3 did not alter the authenticity or factual basis of the subscription documentation.
- 22.** Denied. Respondents had no actual knowledge that either participant failed to meet the QEP thresholds. Participant 1 is a QEP as she communicated verbally and in writing.
- 23.** Denied. The firm took reasonable steps to ensure the fund's exempt status and relied on completed investor questionnaires and attestations duly signed.
- 24.** Denied. The Fund qualified for an exemption. Respondents acted in good faith and in accordance with the firm's understanding of the law.
- 25.** Denied. The offering memorandum complied with the disclosure obligations required of a 4.7-exempt pool. There was no intent to mislead and no material misrepresentation.
- 26.** Denied. The firm's August 2023 DD was submitted for review and reflected contemporaneous data. Discrepancies identified by NFA were noted and taken under consideration.
- 27.** Denied. NFA informed the Respondents they shouldn't have submitted the DD for review as the pool was exempt under rule 4.7. To the best of our knowledge those deficiencies were fixed as NFA examiners admit on Allegation 31 "DD revised to include a new date (i.e. May 2024) and some other changes". As investigators state in allegation number 31 the DD was revised and updated with the intention of full compliance. The May 2024 version reflected the most current data available at the time but has omission errors on the Performances, monthly returns omitted in the DD were the 2 best months of the year for the Pool, which states there was no intent to mislead.
- 28.** Admitted. Respondents incorporated NFA's suggestions into a revised version, even though NFA had advised that submission of a DD was not required for exempt pools.

- 29.** Denied. Respondents complied with NFA's request and provided all versions of the DD made available to participants through the Opus Portal, as confirmed by the third-party administrator.
- 30.** Denied. The two versions of the DD reflected the historical development of fund disclosures and were maintained and distributed via Opus Fund Services, the firm's third-party administrator.
- 31.** Denied. The May 2024 version omitted months were positive, not negative—demonstrating no intent to mislead investors.
- 32.** Denied. Respondents showed that all participants had access credentials to Opus Dashboard, where the current DD and account documents were available. (https://www.opusdashboard.com/apps/isymphonyinternal/_release_client_20250630_v1.25/login.php)
- 33.** Denied. Respondents relied on FCM statements and external reconciliation services. Omissions were the result of timing gaps, not an effort to mislead.
- 34.** Denied. As disclosed, the fund changed strategies in October 2022 from FX futures to VIX futures. These changes were reflected in NFA BASIC and in the revised DD.
- 35.** Denied. There was no concealment or selective presentation. Algoritmica's third party Fund Administrator reported monthly returns as follows in Exhibit B
- 36.** Denied. The DD reflected data reasonably available at the time and did not omit any known material facts.
- 37.** Denied. Respondents made good-faith efforts to distribute account statements within 90 days.
- 39.** Denied. All statements were ultimately delivered within the quarter and were available through Opus's platform.
- 39.** Denied. All account statements were eventually sent within 90 days.
- 40.** Admitted in part. The account statements generated by Opus lacked the prescribed oath/affirmation format. Respondents relied on the administrator's templates in good faith.

41. Denied. Respondents attempted to file the PFS in a timely manner and were delayed by Opus Termination of our Relationship. NFA Examiners were shown how we had limited access to the Fund accounting. See below,

42. Denied. No willful or negligent misconduct occurred in connection with any alleged failures under Rule 2-13(a).

COUNT II – ALLEGED VIOLATION OF NFA COMPLIANCE RULE 2-45

Prohibited Loan or Advance of Pool Assets

43. Denied.

44. Denied. Respondents acknowledge the rule but dispute that its application is triggered here.

45. Denied. The “Due from Manager” entry reflects an overpaid redemption, it is a fund accounting adjustment due to NAV timing, not an advance or loan. The Manager was partially redeeming participations as a Participant not a Manager of the Fund. The account should have been labeled “Due from Participant”.

46. Admitted. The entries were made unilaterally by the third party administrator and did not involve a conscious action or benefit by Respondents.

47. Admitted.

48. Admitted.

49. Denied. No prohibited loan occurred.

50. Denied. In light of NFA exam, the third party fund administrator Opus Fund Services terminated our relationship. We let NFA Examiners know Fund’s only bank account and CTA only bank account was controlled by the Fund administrator were parting ways with and if we deposited that amount there, and we were blocked access to the Opus platform that we use to originate wires. NFA Examiners instructed us to deposit to the broker account directly which we received this message from the broker. See below Exhibit A.

51. Denied. There was no violation of Rule 2-45.

COUNT III – ALLEGED VIOLATION OF NFA COMPLIANCE RULE 2-4

Failure to Uphold Commercial Honor and Just Principles

52. Denied.

53. Denied. Respondents acted with transparency, diligence, and in the best interests of the fund and its participants.

54. Denied. Can't control other Participants to share their experiences.

55. Denied. As Shown above, Opus third party administrator calculated the returns and published them independently. All investors had access to account statements issued by third party Fund Administrator and the the latest DD uploaded on their Opus portal.

56. Denied. October and November statements were delayed but not withheld maliciously as they were later delivered within 90 days. Investors were contacted directly about the situation with Opus.

57. Denied. This outreach was meant to convey transparency during a difficult trading period and should not be penalized.

58. Denied. Variance in recollections from participants is not proof of misconduct, the only Participant that was not contacted didn't reply to our emails but messages were sent through other Participants as the Respondent knew they were close friends. See Exhibit C

59. Admitted. 4 of 6 Participants and the other 2 (Mother and Daughter) did not replied our emails and were sent messages through a close friend. But all participants received Account Statements within 90 days.

60. Admitted. 4 of 6 Participants and the other 2 (Mother and Daughter) did not replied our emails and were sent messages through a close friend. But all participants received Account Statements within 90 days. Variance in recollections from participants is not proof of misconduct, the only two Participant that was not contacted didn't reply to our emails but messages were sent through other Participants as the Respondent knew they were close friends. See Exhibit C

61. Denied. The "Due from Manager" item was not a breach of fiduciary duty or commercial honor. Denied. In light of NFA exam, the third party fund administrator Opus Fund Services terminated our relationship. We let NFA Examiners know Fund's only bank account and CTA only bank account was controlled by the Fund administrator were parting ways with and if we couldn't deposit that amount there, and we were blocked from access to the Opus platform that we use to originate wires. NFA Examiners instructed us to deposit to the broker account directly which we received this message from the broker. See Exhibit A

62. Denied. No violation of Rule 2-4 occurred.

COUNT IV – ALLEGED VIOLATION OF NFA COMPLIANCE RULE 2-5

Failure to Cooperate with NFA

63. Denied.

64. Denied. All cooperation was given in good faith. All Bank and Brokerage Statements were provided, All accounting provided promptly, All access granted to all accounts granted when requested.

65. Denied. All firm information we had was uploaded to RFS was made available promptly. The information we couldn't provide we didnt have for technical reasons.

66. Denied. We provided the versions that was made available at all times to all participants through Opus, the third party Fund Administrator designed.

67. Denied. We explained NFA Examiners that we were a small firm and we rented email accounts month by month, and we didnt have access to those messages.

68. Denied. Adequate information was provided regarding reimbursements to the extent reasonably available to the Third Party Funda administrator and to NFA examiners on the NFA's Regulatory Filing System. See Exhibit D

69. Denied. Consent forms were in fact signed and powers granted. See Exhibit E

70. Denied. Response delays were due to complexity as In the middle of exam Opus Fund Services terminated the relationship with Algoritmica, not lack of cooperation.

71. Denied. Emails acknowledged outstanding requests and were addressed as staffing permitted.

72. Denied. Respondents responded in good faith and continued communication as late as April 2025.

73. Denied. The April 21 email was a continuation of that cooperative process.

74. Denied. Silence on certain topics does not equate to non-cooperation.

75. Denied. NFA Examiners did not ask for any new information. Respondents are available to answer any questions.

76. Denied. No violation of Rule 2-5 occurred.

GENERAL DENIAL

Except as expressly admitted herein, Respondents affirm that they acted at all times in good faith, consistent with industry practices, and in reliance on third-party service providers. Any alleged deficiencies were immaterial, inadvertent, and promptly addressed.

Respectfully submitted,

Lino Hidalgo

Algoritmica Portfolio Management LLC

Date: 07/17/2025

Exhibit A

Inquiry #T330699 - ANY

Summary: *We are in need to deposit funds to the Fund account from an account that is not on the funds name*

alggo142 2025/03/23 19:03:29

We are in need to deposit funds to the Fund account from an account that is not on the funds name. Please indicate what process can we follow to notify this cash coming in.

IBCS 2025/03/24 08:36:51

Dear Mr. Hidalgo,

Thank you for your web ticket.

IBKR generally discourages and rejects third-party deposits as they are considered high risk for fraud and money laundering.

We prefer deposits made directly from the account holder's bank account, and generally do not accept deposits from other persons or companies identified through the firm's review.

However, if you would to submit the request, there would be no additional steps or requirements to complete, but rather accessing the transfer and pay --> transfer funds section of the client portal and inputting the banking instructions.

Please let me know if you have any issues completing the above path, or have any additional questions or concerns regarding this matter.

Kind regards,
Jackson M
IBKR Client Services

Exhibit B

Performance							
P143199 - ALGORITMICA VOLATILITY PORTFOLIO FUND LP-							
Month	2024	2023	2022	2021	2020	2019	2018
Jan	-38%	57.60%	-21.62%				
Feb	9.64%	-11.52%	-26.29%				
March	-18.92%	-7.86%	25.10%				
April	3.17%	12.19%	16.73%				
May	33.30%	-85%	NT				
June	-7.13%	20.12%	NT				
July	-51.71%	-10.09%	NT	-4.11%			
August	-27.98%	-38.17%	NT	-1.85%			
Sept	-82.60%	-49.63%	NT	-20.56%			
Oct	-74.03%	-49.05%	12.04%	-74.16%			
November	-82.43%	516.45%	54.82%	13.67%			
Dec	-44.72%	42.98%	-1.11%	-42.70%			
Year		115.87%	71.55%	-87.41%			

[Close Performance](#)

Exhibit C

From: Lino Hidalgo <lfh@alggoritmica.com>
Sent: Wednesday, September 4, 2024 8:39:42 PM
To: larralde@viewmonitor.info <larralde@viewmonitor.info>
Subject: Re: Questions regarding my investment

Hello Ivette,

I tried to call you this afternoon. I was forwarded your message for the Alggoritmica Volatility Portfolio Fund. I can help you get all the documents you requested using your credentials to the Opus Dashboard.

If you'd like to schedule a call, the number we have on file is 713-884-7415.

When would you be available to join the call?

09/04/2024 5.00 pm, East time.

09/05/2024 5.00 pm, East time.

Se habla español.

Lino Hidalgo
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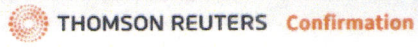


Algoritmica Portfolio Management LLC. is a registered Commodity Trading Advisor and Commodity Pool Operator, member number [0519299](#) of the National Futures Association and regulated by the Commodities Futures Trading Commission. Algoritmica Portfolio Management LLC. and its affiliates reserve the right to capture, store and monitor all e-mail communications in compliance with applicable regulations. The Firm does not take responsibility for, or accept time-sensitive instructions sent by e-mail including transaction orders. All instructions of this nature must be handled via direct communications, not e-mail. The information is intended for the use by the recipient(s) only and may contain information that is confidential, privileged or legally protected. Nothing in this communication shall constitute a solicitation or recommendation to buy or sell a particular security. Accordingly, no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or timeliness of the information contained herein.

Exhibit D

▼ NFA Document Request Log		
▶ Cash Spreadsheet 22725		02/27/2025
▼ Cash Spreadsheet 2425		
0519299_Cash_Spreadsheet.xlsx	2/4/2025 2:30:59 PM	02/04/2025
0519299_Cash_Spreadsheet(125968_member_updated).xlsx	2/21/2025 3:47:41 AM	02/21/2025
2024_Investor_Transactions.zip	2/21/2025 3:48:37 AM	02/21/2025
ALG_Invoice_09132024.pdf	2/21/2025 3:56:10 AM	02/21/2025
GP_Reimbursement_1.zip	2/21/2025 3:49:06 AM	02/21/2025
GP_Reimbursement_2.zip	2/21/2025 3:49:06 AM	02/21/2025
cash.zip	2/21/2025 3:49:07 AM	02/21/2025

Exhibit E



Need Help? Contact us at:
1-866-325-7201 or 1-615-844-6222
confirmation.cs@thomsonreuters.com

Thank You!

Your Client Authorization has been successfully sent to Kyle Swansburg (kswansburg@nfa.futures.org) of National Futures Association.

Thank you for using the Confirmation service.

[close](#)