

Market Makers

The market maker is introduced in version 6.1. Those who wish to take advantage of a discount when paying [rent](#) (which would be everyone) likely do not want to time their purchases to coincide with an [ABC ram and jam](#) session, nor do they wish to suffer the risk of holding an alternative currency. The market maker provides [Elsies](#) 24/7 at the discounted price of 99.15% of the [peg](#) at the trivial push of a button while paying rent.

The market maker purchases Elsies at 99.05% of the peg and sells them at 99.15% of the peg. Based on the supply and demand for Elsies, the market maker maintains an inventory of a particular size at any given time. When the stock falls below that size, new Elsies are purchased through ram and jam or from dollar rent recipients to restore the inventory. The ABC market maker always satisfies internal Elsie offerings at 99.05%, which generates U.S. dollars for the ABC, [VTLM](#), and [counties](#). If these purchases increase the inventory size over the desired size, it will delay future inventory replenishment.

Any Elsie holder can register as a market maker with some or all of their Elsies. These Elsies are automatically offered at 99.15% of the peg, and market maker bids are given priority at 99.05% of the peg. However, all Elsies purchased with priority at 99.05% must be offered at 99.15%. They cannot be used for any other purpose. Market makers can always take their U.S. dollar profits and not return to bid.

In the simulations, a negative ABC market maker inventory indicates that other market makers, the 99.16% inventory, or U.S. dollars, will make up the slack. Market maker capitalization requirements grow with the increasing growth of commons trust property. ABC operations costs prevent it from fully capitalizing its market maker, so there is plenty of room for other parties. Being a market maker is an excellent way to increase the return on Elsie dividends.

The 99.05% bottom of the spread is determined by the ABC offering Elsies at 99.05% of peg during ram and jam. The 99.15% offering requirement is a condition of the priority bids. The 99.16% inventory determines the top of the spread. When every inventory of every market maker is depleted, transactions will occur in the 99.16% delayed disbursement inventory.

Should the Elsie fall below 99.05%, market makers can purchase additional Elsies and offer them at any price. There is no priority or requirement for Elsies purchased below 99.05% of the peg. However, new Elsies added to the official 99.15% market maker inventory cannot be removed except through sale.

Under the usual 99.05% to 99.15% spread, the market maker earns 0.1% every time the Elsie inventory is turned. An ideally suited inventory turned daily will net $0.1\% \times 365$ or 36.5% annually in addition to the dividend income.

Importantly, competing market makers and overcapitalization are sources of Elsie demand that both increase the need for inventory and increase ABC revenue. A feedback loop could be an unexpected driver of [Phase I](#). On the other hand, the variance of demand in a real market favors minimal inventories that are depleted consistently.

Market maker inventory models are studied in advanced finance courses, and anything beyond these general comments is beyond the scope of this document.

The following simulation shows market maker inventory and capitalization early in the Phase I spreadsheet.

Period	Y	M	D	Segment	MM Demand (Mil \$)	Land Fund (Mil \$)	Loan	Total Purchases (number of properties)	Market Maker (Mil LCS)	MM Desired Inventory	Retail Elsies	Total Elsies	MM Net	MM Dollars (Mil \$)	Market Maker New Capital (Mil \$)
72	2025	3	12	A	\$1.74	\$0.59	0	300	7	8	58.69	71	\$14.56	\$7.93	\$0.25
72	2025	3	12	B	\$1.49	\$0.59	0	300	6.6916	8.1796	58.69	71	\$14.81	\$8.18	\$0.00
108	2025	4	18	E	\$1.52	\$2.03	0	588	6.7663	8.2896	119.77	140	\$15.00	\$8.30	\$0.00
109	2025	4	19	A	\$1.52	\$1.77	0	594	6.9505	8.2896	120.86	142	\$15.00	\$8.12	\$0.17
109	2025	4	19	B	\$1.34	\$1.77	0	594	6.9453	8.2896	120.86	142	\$15.17	\$8.29	\$0.00
109	2025	4	19	C	\$1.34	\$1.77	0	594	6.9453	8.2896	120.86	142	\$15.17	\$8.29	\$0.00

Between March 12th, 2025, and April 18th, 2025, the net value of market maker dollar and Elsie inventories rose from \$14.81 million to \$15 million. Although the period is hidden, there is no additional market capitalization following the \$250,000 capitalization in segment A on March 12th until the April 19th capitalization. The \$190,000 increase between the dates is all profit. This was earned in 37 days. Annualized is $365/37 \times \$190,000 = \1.87 million. The rate of return is $\$1.87/\$14.81 = 12.63\%$. This is less than 36.5% because the market maker in the simulation is overcapitalized to handle all treble escrow sequestration, which turns over once a month.

Here is another example late in Phase I, where there is bidder arbitrage, rescues, and a sponsored game to destroy Elsies.

Period	Y	M	D	Segment	MM Demand (Mil \$)	Land Fund (Mil \$)	Total Purchases (number of properties)	Market Maker (Mil LCS)	MM Desired Inventory	Retail Elsie	Total Elsie	MM Net	MM Dollars (Mil \$)	Market Maker New Capital (Mil \$)
2992	2033	4	22	A	\$166.68	\$10.43	394,530	1,356	1,479	69,587.34	97,936	\$2,815.71	\$1,472.51	\$6.72
2992	2033	4	22	B	\$123.14	\$10.43	394,530	1,331	1,479	68,310.71	97,936	\$2,822.45	\$1,504.09	\$0.00
2992	2033	4	22	C	\$148.22	\$10.43	394,530	1,331	1,479	68,310.71	97,936	\$2,822.45	\$1,504.09	\$0.00
2992	2033	4	22	D	\$148.22	\$10.43	394,530	1,333	1,479	69,566.06	97,930	\$2,822.45	\$1,502.43	\$0.00
2992	2033	4	22	E	\$146.54	\$10.43	394,530	1,325	1,479	69,566.06	97,922	\$2,822.45	\$1,510.36	\$0.00
2993	2033	4	23	A	\$154.54	\$8.67	395,053	1,354	1,479	69,683.68	98,067	\$2,822.62	\$1,481.20	\$0.00
2993	2033	4	23	B	\$124.95	\$8.67	395,053	1,329	1,479	68,385.08	98,067	\$2,822.64	\$1,506.37	\$0.00
2993	2033	4	23	C	\$150.33	\$8.67	395,053	1,329	1,479	68,385.08	98,067	\$2,822.64	\$1,506.37	\$0.00
2993	2033	4	23	D	\$150.33	\$8.67	395,053	1,331	1,479	69,662.04	98,061	\$2,822.64	\$1,504.71	\$0.00
2993	2033	4	23	E	\$148.65	\$8.67	395,053	1,323	1,479	69,662.04	98,053	\$2,822.64	\$1,512.63	\$0.00
2994	2033	4	24	A	\$156.65	\$6.89	395,584	1,353	1,479	69,781.11	98,199	\$2,822.81	\$1,482.88	\$0.00
2994	2033	4	24	B	\$126.45	\$6.89	395,584	1,327	1,479	68,469.32	98,199	\$2,822.83	\$1,508.24	\$0.00
2994	2033	4	24	C	\$152.02	\$6.89	395,584	1,327	1,479	68,469.32	98,199	\$2,822.83	\$1,508.24	\$0.00
2994	2033	4	24	D	\$152.02	\$6.89	395,584	1,329	1,479	69,759.24	98,194	\$2,822.83	\$1,506.57	\$0.00
2994	2033	4	24	E	\$150.33	\$6.89	395,584	1,321	1,479	69,759.24	98,186	\$2,822.83	\$1,514.49	\$0.00
2995	2033	4	25	A	\$158.33	\$5.10	396,120	1,352	1,479	69,879.47	98,334	\$2,823.00	\$1,484.27	\$0.00
2995	2033	4	25	B	\$127.66	\$5.10	396,120	1,325	1,479	68,556.35	98,334	\$2,823.02	\$1,510.51	\$0.00
2995	2033	4	25	C	\$154.12	\$5.10	396,120	1,325	1,479	68,556.35	98,334	\$2,823.02	\$1,510.51	\$0.00
2995	2033	4	25	D	\$154.12	\$5.10	396,120	1,327	1,479	69,857.41	98,328	\$2,823.02	\$1,508.84	\$0.00
2995	2033	4	25	E	\$152.43	\$5.10	396,120	1,319	1,479	69,857.41	98,320	\$2,823.02	\$1,516.76	\$0.00
2996	2033	4	26	A	\$160.43	\$3.28	396,663	1,350	1,479	69,979.07	98,470	\$2,823.19	\$1,485.93	\$0.00
2996	2033	4	26	B	\$129.14	\$3.28	396,663	1,324	1,479	68,645.46	98,470	\$2,823.22	\$1,511.59	\$0.00
2996	2033	4	26	C	\$155.02	\$3.28	396,663	1,324	1,479	68,645.46	98,470	\$2,823.22	\$1,511.59	\$0.00
2996	2033	4	26	D	\$155.02	\$3.28	396,663	1,326	1,479	69,956.84	98,465	\$2,823.22	\$1,509.92	\$0.00
2996	2033	4	26	E	\$153.32	\$3.28	396,663	1,318	1,479	69,956.84	98,457	\$2,823.22	\$1,517.84	\$0.00
2997	2033	4	27	A	\$161.32	\$11.76	397,210	1,359	1,479	70,079.12	98,618	\$2,823.39	\$1,476.90	\$2.32

Between April 22nd, 2033, and April 26th, 2033, the MM Net went from \$2,822.45 to \$2,823.22 without intervening additional capital. This is a profit of \$770,000 over four days. $365/4 \times \$770,000 = \70.26 million. $\$70.26 \text{ million} / \$2,822.45 \text{ million} = 2.49\%$.

The Elsie inventory is at least 1.3 billion Elsie overcapitalized, and the dollar inventory is similarly overvalued. Subtracting $2 \times 1.3 \text{ billion} \times 99.05\% = \2.57 billion from the MM Net allows the computation of an efficient return. $\$2,822 - \$2.57 = \$252$ million. $\$70.26 \text{ million} / \$252 \text{ million} = 27.88\%$, close to the predicted return.

In an implementation, market makers will not suffer from overcapitalization due to spreadsheets' one-size-fits-all formulas. However, with such gigantic returns, competition and overcapitalization will be caused by too many entrants. Thus, the overcapitalized spreadsheet likely mimics reality closely. However, with such large capital requirements, many opportunities for high returns might exist before the field is saturated.