



Member Guidance and Code of Conduct (v1.1ⁱ)

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1. Introduction

With today’s capitalist system exploiting people and communities worldwide, the need for free and unadulterated exchange has never been greater. Commodity Distribution Collective (CDC) is an anti-capitalist collective that seeks to challenge the current systems of commerce by facilitating free and open markets using bills of exchange. Bills of exchange are contracts that represent a future exchange that can be used as currency and circulated among individuals. This feature creates extraordinary market efficiency and protection against fraud – allowing for a healthier and more prosperous society (see www.purelytheoreticalresearch.com and www.professorfekete.com).

How do markets form between CDC members? Some people can grow certain things more easily than others. Making markets between ourselves allows us to grow collectively as one – as if we each grew some of everything! As the collective grows, more and more goods will be accessible to everyone, beginning with horticultural produce and later expanding into all areas of commerce. Exchange is facilitated via CDC Market makers who stand poised and ready to both buy and sell peoples’ commodities, allowing more rapid and efficient exchange. However, unlike modern market makers, CDC market makers operate under a principle of zero flux so are not to profit from market participants. Instead, they aim to connect participants while attempting to clear all goods from their tables.

CDC will organise lectures and events for members to share knowledge and ideas as an additional benefit. CDC is open to all without discrimination and respects every person’s rights, dignity, and worth. CDC is currently organised by Sandeep

CDC – Member Guidance and Code of Conduct (v1.1)

Jaitly and Chris Guttridge – based on the ideas and methodology of Carl Menger, continued by Antal Fekete and those at the New Austrian School of Economics.

2. Membership

Upon contacting us an application form will be sent to you via e-mail. Please tell us about any goods that you plan to offer in exchange so we can help you get the most out of your membership. You can also create an account on our website which will prompt us to contact you.

Membership is open to anyone interested in promoting free exchange regardless of any characteristic. All members will be subject to the rules and regulations and will act in a manner that does not bring CDC into dispute. Any incidence of discriminatory behaviour will be dealt with promptly and seriously.

New members will require signatures from a proposer and seconder who are already CDC members.

We welcome any contribution from our members, including any suggestions or areas for improvement. Please share with us any interesting articles or papers that you think fall within the remit of the collective. Ultimately, the collective belongs to its members, so contribution is essential to its success.

A great way to get involved would be to start taking offers near you to explore how markets work and familiarise yourself with market-making principles. Please do not hesitate to contact us if you have any questions. We're here to help!

3. Fees

Unpaid volunteers organise CDC. Fiat members' fees are to cover costs associated with banking and sufficient notice will be given before any payment is required.

Membership will be free unless such costs arise.

4. Offering Goods

4.1. Which commodities can be offered?

Currently, exchanges are focused on horticultural goods – fruit and vegetables grown in small batches at home – however it may be possible to offer other goods provided they are in line with the spirit of the collective. Please do not hesitate to contact us if you are unsure. Your surpluses in a particular good can be offered for someone else’s surpluses in another, making them accessible to the community and reducing household waste. The more people involved, the greater the quantity and diversity of goods available to the community.

Goods offered should be of the highest quality possible. Please do not offer things you would not be happy to receive yourself. CDC reserve the right to inspect goods offered for quality review without notice. Please see the relevant section on dealing with cases of poor-quality goods received.

4.2. What do I do if I have a commodity I’d like to offer?

If you have a good you’d like to exchange, you will need to:

- 1) Determine when and where it will be available and in what quantity.
- 2) Head to our quotations board to see whether there are any offers displayed that would be acceptable to you.
- 3) If so, great! You can take the offer, and bills of exchange will be drawn by one of the CDC’s witnesses.
- 4) Then, simply bring the agreed quantity of goods to market at the agreed place and time as stated on the bill; the counterparty is obliged to do the same.
- 5) The bills of exchange then become obsolete and are removed from circulation

- 6) If the good you want to exchange isn't available, discuss with one of our market makers who can look to establish two-way quotations to make your good available to all members.

4.3. What metals are acceptable for use in an exchange?

Copper: Electrical wire, old copper coins or anything from a reputable refinery are acceptable to offer, provided purity details can be checked.

Steel: Some fiat coins are made from steel which is acceptable in exchange; but again, anything where purity details can be checked.

Silver/gold: minted coins (e.g. British Royal Mint) or bars from reputable sources with certification.

Other metals: please discuss with CDC

4.4. Where can bills of exchange be settled?

Each locality should have an agreed marketplace so that all bills maturing on the same day can be settled at once. All market makers at a given locality must agree on the precise location, which should be shared with all members via the quotations board prior to making any offers. To ensure an efficient exchange, all participants should arrive promptly at the agreed place and time. Meeting times should be sociable.

5. Quotations Board

What is a quotations board? This is where all offers are displayed to members so that they can access available commodities. Offers are displayed in the following format:

London - Kingston

AF's 1oz Copper for 3oz Strawberries – April 1st 2023

In the above example, AF offers 1oz copper for 3oz of strawberries to be exchanged at Kingston marketplace on April 1st 2023. Offers at all localities will be displayed under their respective headings and available to all CDC members. Accurate records will be accessible to all for historical interest.

6. Conducting an Exchange

You can take an offer by interacting with a market maker in the goods you wish to acquire/offer: strawberries, tomatoes, copper, etc. On taking an offer, a bill of exchange will be drawn on each party and sent to the counterparty (Figure 1). These bills will be made out to individuals (not businesses/organisations), for reasons of personal accountability, and witnessed by a certified market maker. Bills will display the agreed details, such as the exchange quantities and the time and place. Both parties are liable to meet the full requirements of the bill.

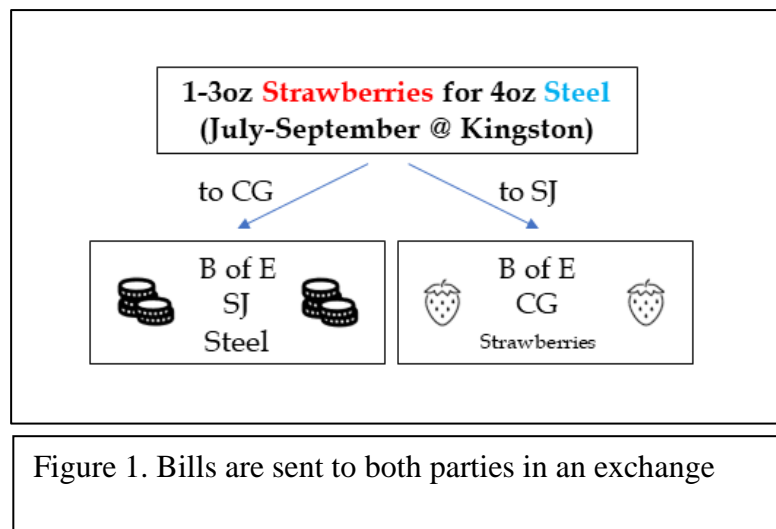


Figure 1. Bills are sent to both parties in an exchange

On receiving the bill, the final step is to bring your goods to market at the specified time to make the exchange. However, if you no longer want the goods stated on the bill, you can use them in future interactions before it matures. For example, CG can use the bill he received drawn on SJ's steel to take another offer quoted against steel.

6.1.I have received a bill of exchange; can I use yet-to-be-received quantities to take further offers?

Yes, both SJ and CG can use their bills as *currency* to make further exchanges. Here, new bills are drawn on existing ones (Figure 2). This is of critical importance, as simply handing over an existing bill to another party would only *assign* ownership of the bill which limits accountability and increases opportunities for fraud. Drawing new bills to represent each exchange means all parties are liable for every interaction they participate in. This is an essential feature as each user *endorses* the original bill and protects others from fraud. Using bills in this way forms an endorsement chain critical for circulation. Each individual in the chain is ultimately liable in cases of default.

In the example below, CG uses the bill received to take an offer of cherries for steel from participant 3. As such:

1. A new bill is drawn on CG, who now agrees to give steel to participant 3 in exchange for cherries
2. As SJ is still required to give steel to CG, SJ's steel can be used directly to participant 3; however,
3. If SJ is unable to honour this agreement, CG must give steel to participant 3, who can in turn seek damages from SJ

The ability of a bill of exchange to clear multiple transactions makes markets much more efficient.

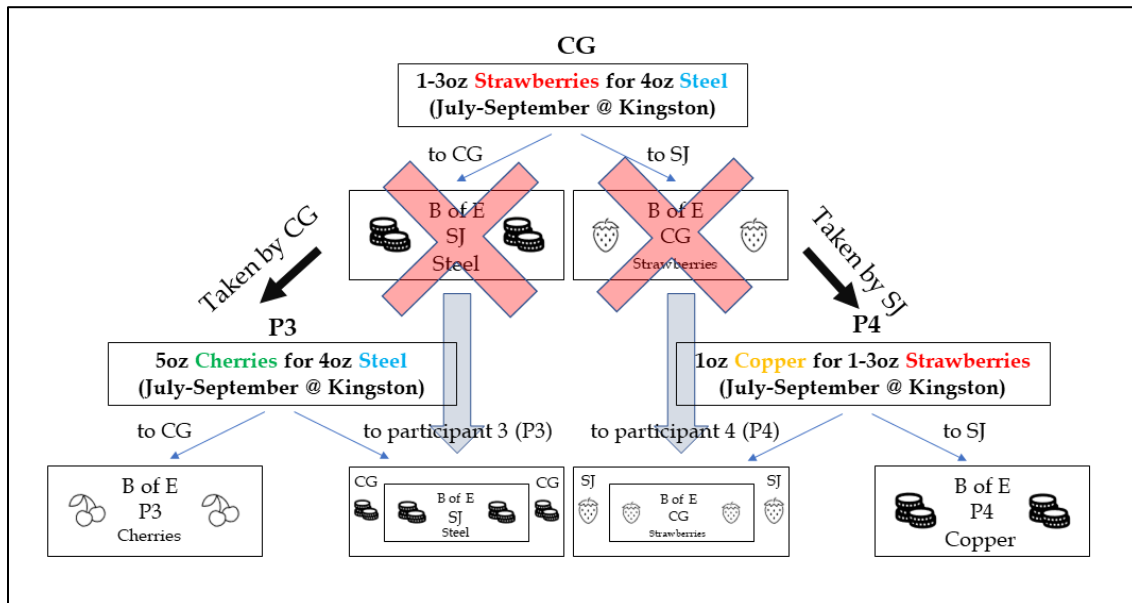


Figure 2. CG and SJ take further offers using other bills as the basis.

6.2. What if I have received a bill but wish to exit my position?

It is impossible to withdraw from all liability completely; however, positions can be closed by taking a reverse offer of the same maturity. For example, suppose 1oz of copper will be exchanged for 3oz of strawberries. To exit this position, 3oz of strawberries should be exchanged for 1oz of copper. You may be able to agree this with the counterparty, but there is no obligation for them to accept. Counteroffers can be taken by anyone who agrees to the exchange.

7. There are currently no markets being made in my area

In such cases, members are most welcome to make their own markets through CDC’s quotations board. One of the CDC’s long-term goals is to make such markets accessible to all. Members can be granted market-maker status provided they have signatures from a proposer and seconder, who must be market-makers themselves. In addition, sufficient knowledge of market making is required, which usually means attending CDC events, and completing written knowledge checks. Other evidence may be acceptable if this is not possible.

8. Code of conduct

As a member of Commodity Distribution Collective, you are expected to abide by the following code of conduct:

- 1) All members must respect the rights, dignity and worth of all participants regardless of any characteristic
- 2) To actively participate, either by posting, engaging with content or taking offers, so that members can learn and get the most from membership
- 3) Pay any fees promptly
- 4) Honour ALL bills of exchange
- 5) Members **MUST NOT** use the collective as a way to profit from others' labour (e.g. through 'marking up' goods)
- 6) Fiat quotations such as dollars, pounds, euros, or anything built on such abstractions, including equities and cryptocurrencies, are strictly forbidden
- 7) Members are expected to alert officials of any activity that may be in breach of the CDC's values
- 8) Take responsibility to ensure they are up to date and familiar with CDC's rules and regulations
- 9) Bullying of any sort will not be tolerated

9. Disputes

9.1.I cannot meet an obligation

You could look to take other offers that may enable you to exit your position. However, if unsure or unable to do this, please contact one of our officials, who will best guide you on ways to meet your obligations and avoid default.

9.2.Poor quality goods received

If the quality of goods received is below what you believe acceptable, please inform officials and provide any evidence available. This will be handled through the disciplinary procedure below.

9.3.No goods received

If a counterparty has failed to meet an obligation, please inform officials and provide any evidence available. This will be handled through our disciplinary procedure below.

10.Disciplinary and appeals

- a) All formal disputes must be submitted to the Secretary. The Board of Directors must hear complaints within 14 days of being lodged.
- b) The disciplinary hearing outcome should be notified in writing to the person who lodged the complaint and the member against whom the complaint was made within 14 days of the hearing.
- c) Any appeals should be heard within 30 days of the Secretary receiving the appeal.

ⁱ Last reviewed on the 10/10/2022 by Chris Guttridge