GLOBAL FINANCIAL ENGINEERING, INC.

The Charter Names a State

The Machine States · Paper VI · The Aims of a Node

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ABOUT THIS SERIES

The Machine States is a sub-series of the Public Doctrine Series. It sets out how the houses charter a trading machine, name the conditions of its book, and govern when income may leave it. It describes internal doctrine applied to the houses' own capital. The case in Section VII is an illustration built from operating data. Its figures have been altered and it reports no account's results.

I. An aim without a forecast

Every machine is built for something, and the ordinary way to say what is to name a number: a return, a growth rate, a target by a date. Each of those is a forecast in disguise. It commits the machine to an outcome the market alone will decide, and it invites the person who wrote it to judge the machine by whether the market obliged. The houses do not predict; they govern. The aim of a machine must therefore be stated in a form that governs without predicting.

The Machine States supply that form. A state is a condition of a book against its own capital, defined exactly and read from the account. A charter that names a state as its aim says what the machine is for without saying when, how fast or at what rate. It says only which condition the book is to reach and hold. This paper sets out how such a charter is written, how its progress is measured, and what it does not license.

II. What a charter contains

A charter has four entries, and only four. Each is a set-point, recorded once and changed only on the record.

Table 1. The four entries of a charter

Entry	What it fixes
Chartered Capital, K	The capital the book is given and must protect. Every state is measured against it.
Capital law	The commitment ceiling at each tier, and so the price of Immortality and of the Distribution State.
Aim	The state the book is chartered to reach and hold: Cover, Immunity, Immortality or the Distribution State.
Distribution law	Whether any harvest may leave, and if so the Surplus Share Rule of Paper V. Only a book whose aim is the Distribution State has one.

A charter names no rate of return, no growth target and no date.

The same formula reads every charter, whatever its size. The Immortality Multiple of Paper I takes three inputs that every book has, its balance, its Chartered Capital and the ceiling in force, and returns a number on the same scale for a book of a thousand units or a billion:

$$m = (B - K) \times (1 - c) / (K \times c)$$

That is what allows one doctrine to govern books of any starting capital. A small book and a large one may stand at very different balances and still be compared exactly, because each is read against its own capital and its own law.

III. Choosing the aim

The aim follows from the book's purpose, and the four states answer four different purposes.

Table 2. Four aims and the purposes they serve

Aim	The book is chartered to	Fitting purpose
Cover	Stand at or above its capital at market prices	A book whose purpose is evidence: to prove the machine on a venue
Immunity	Hold its capital safe against every position now open	A book whose capital must not be impaired by what it holds
Immortality	Hold its capital safe against every book its law permits	A book built to grow and retain the whole of its harvest
Distribution State	Grow beyond Immortality and let a governed share leave	A book that must, in time, return part of what it earns

One rule constrains the choice: an aim must be attainable under the book's own law. Paper IV showed that at a ceiling of one, Immortality is unattainable however much a book earns. A book at a seed tier whose ceiling is its whole balance can therefore aim no higher than Immunity until its capital law moves it up the ladder. To charter such a book to Immortality would be to write an aim the law forbids, and the doctrine treats that as an error in the charter, not an ambition.

IV. Progress without dates

Because the states are ordered, a book chartered to any aim passes through the states beneath it on the way, and its progress can be read as a series of distances. Each is a quantity the account reports, and each can be expressed in days of the book's own banking at the rate observed: a proportion that can be felt, not a date that can be missed.

Table 3. The four distances

Distance	Definition	Zero when
Cover Distance	Chartered Capital less equity	The book is in Cover
Immunity Distance	Risk at the stops less Retained Harvest	The book is in Immunity
Immortality Distance	H* less Retained Harvest	The book is immortal
Distribution Distance	3H* less Retained Harvest	The book may distribute

H is the Immortality Harvest, K × c / (1 − c).*

A charter is judged by whether the book is moving toward its aim and whether, having reached it, it holds it. It is not judged by the calendar. A book that takes twice as long as someone hoped, but reaches its aim within its law, has fulfilled its charter. A book that arrives early by breaching its law has not.

V. What an aim does not license

An aim confers no authority over any position. The machine does not trade differently because of the state it is chartered to reach: it sizes, admits, banks and dies by its own laws whatever the charter says. Paper I wrote this into the doctrine at the start, and it matters most here, because an aim is exactly the kind of thing that tempts an operator to push. A book chartered to Immortality that is running behind must not be given a larger ceiling to hurry it, and a book that has reached its aim must not be throttled to protect it. The aim describes the destination. The laws describe the road, and only the laws may be followed.

Every book answers for its own aim. Two books on the same venue holding near-identical positions are still two charters, each measured against its own capital and its own law. No aim is ever set for a group of books, and no book's standing is ever borrowed to support another's. A fleet has as many aims as it has books.

VI. Changing an aim

An aim may be changed, and the change is a charter event, made on the record by the authority that wrote the charter. Three changes are ordinary. A book that has reached Immortality and was chartered there may be re-chartered to the Distribution State. A book whose purpose has changed from evidence to growth may move from Cover to Immortality. A book whose capital law has moved it to a lower ceiling may find an aim it could not attain become attainable, and may be re-chartered accordingly. What may not be done is to change an aim in order to change how the machine trades, because the aim has no power over how the machine trades.

VII. The Case

The following case is an illustration built from operating data. The figures have been altered and it reports no account's results.

Three books are chartered under one doctrine. The first, of 2 units at a seed tier with a ceiling of one, exists to prove the machine on a new venue. It is chartered to Cover, and it could not lawfully be chartered higher than Immunity. The second, of 100 units at a ceiling of one quarter, is chartered to Immortality. It retains everything, and its Immortality Distance is the harvest of 33.3 units it has not yet earned. The third, of 100 units with the same ceiling, is chartered to the Distribution State. It will distribute nothing until its Retained Harvest reaches 100, and thereafter only under the Surplus Share Rule.

All three books may run the same machine with the same laws and hold the same positions on the same day. Their charters differ only in what each is for. None of the three charters names a date, and none could be failed by a slow month.

VIII. What would falsify this reading

The doctrine of aims would be shown wrong if books chartered to different aims under the same laws were found to trade differently, for the claim that an aim has no power over the machine would then fail

in practice. It would be shown wrong if a charter could be written whose aim the book's own law made unattainable without the error being visible from the four entries. And it would be shown wrong if progress measured as distance repeatedly misled where a dated target would have informed. Each can be checked against the charters and ledgers of the books concerned.

RELATED IN THE PUBLIC DOCTRINE SERIES

A Machine With a Charter: The Machine States, Paper I, which defines the states and the Immortality Multiple.

Immortality Under the Law: The Machine States, Paper IV, on Immortality and why a ceiling of one forbids it.

The Share That May Leave: The Machine States, Paper V, on the Distribution State and the Surplus Share Rule.

ABOUT THE AUTHOR

Dr. Glen Brown is President & CEO of Global Financial Engineering, Inc. and Global Accountancy Institute, Inc. He is the architect of the GCPIAUT framework and the broader GATS-native proprietary capital doctrine. His work focuses on sovereign capital governance, algorithmic trading architecture, reserve-first compounding systems, and institutional financial engineering within closed proprietary environments.

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