

ARTSQUARE JOURNEY

ArtSquare.io is back with the exciting features and a new look. This issue is the last in the multi-part user guide of ArtSquare.io. Our commitment to creating a new, democratic art market could not fail to include ownership and insurance matters. We applied innovation to in designing tailor-made solutions for digital co-ownership and trading of art.

INSURANCE: PROTECT YOUR DIGITAL ART SHARES

As with every valuable real-world asset, artworks need to be insured against life's blows. While it is true that each work of art is unique and irreplaceable, art collectors are deeply aware that they need to take legal measures to protect their artworks against damages, theft, and legal issues. There are two main types of coverage you can buy for fine art: property insurance protects works against physical damages; title insurance is an indemnity insurance and protects the owner against litigations. Owners might need to defend themselves in the event that their artwork turns out to have a history of theft and forgery.



Fine art insurance companies normally calculate annual premiums for artworks based on their value. This premium system does not serve asset tokenization—the Blockchain-led process behind the issuing of Digital

Art Shares for artworks. For this reason, ArtSquare.io has reinvented fine art coverage policies to trading and co-ownership. Our community will be able to opt to insure Digital Art Shares of artworks by simply ticking a box when buying them. Unlike what happens in the traditional art market, we calculate and charge premiums for artworks later on, when DAS are sold on the Exchange. Coverage fees correspond to a percentage of the market value of DAS at the moment of their Live Listing. Moreover, only the period of ownership of DAS is taken into account in calculating premiums.

Let's look at an example. The annual premium of a real-world artwork listed on the platform might amount to 4% of its total value. An Art Investor has bought DAS for the artwork during the live sale and sold them to the

community through the ArtSquare Exchange after 15 days. ArtSquare.io charges the Art Investor insurance fees for the 15-day period of ownership only. When selling DAS, the Investor is credited the cost of DAS minus the premium calculated on the limited time of ownership and their price at the time of listing.

The insurance will live on Blockchain with its DAS, meaning that is immutable and legally binding. We have designed a way to protect you artistic assets that is cost-effective, flexible, and easy to manage. This is another step towards an affordable and efficient way to own art and make a profit out of it.

MODULAR SMART CONTRACT YOUR ART, YOUR RULES

In addition to insurance, ownership rights are perhaps the trickiest point of art sales, especially in the case of co-owned artworks. When more than one buyer chips in to buy a work of art, controversies may arise over who gets to possess it physically or how dividends from its loans are distributed. What happens when value and ownership of artworks are not only shared but also digitally managed, bought, and sold? Once again, we turned to Blockchain to make the legal aspects of digital co-ownership easy to understand and manage.



The rights that come with owning Digital Art Shares of an artwork are spelled out in a Modular Smart Contract, a customizable legal ownership agreement. The tool makes ownership of DAS safe, transparent, and hassle-free for buyers and owners. We draft the Modular Smart Contract with the original owner of the artwork—the gallery or private collector who wishes to list it—and issue it in conjunction with its DAS, meaning that it is stored on the Blockchain. Blockchain guarantees that ownership rights of DAS and other information are legally-binding, protected, and immutable. The terms and conditions defined in the Modular Smart Contract cover all of the scenarios for art ownership, including any special benefits for the Top Art Investors in our community—those who own the greatest number of DAS for an artwork. You can review and download the Modular Smart Contract in the artwork's page in your ArtSquare account.

ARTSQUARE INSIGHT: AFFORDABLE ART FAIRS

ArtSquare.io is part of a larger revolution in the way we buy and collect art which is sweeping the art world. Affordable Art Fairs are leading this revolution since 1999.

Welcoming each year some 185,000 art lovers in 10 cities around the world, Affordable Art Fairs offer on sale more than 10,000 affordable works of contemporary art—paintings, photographs, prints, sculptures, installations—by established artists and up-and-coming talents in a laid-back and engaging environment.

It can be hard for people who are not art experts to know if an artwork is worth the price tag. Affordable Art Fairs make their visitors confident in their choices by having galleries display clearly information about the artworks and pricing. ArtSquare.io shares this approach wholeheartedly. When art is affordable, one is encouraged to explore, experiment, and value originality and unconventionality.

The fair's mantra is that 'anyone can buy, and enjoy, contemporary art'.

We cannot but agree. The next Affordable Art Fair in Europe will be held in Milan, 7-9 February 2020, featuring a selection of artworks below € 7,500 from 85 international galleries.



SAVE THE DATE

ARTSQUARE.IO AT FRIEZE LONDON

3-6 October, Regent's Park, London

Frieze London week is quickly coming ahead. From October 4 through 6, lovers of contemporary art from all over the world gather in the city to enjoy a uniquely curated programme of shows, talks, and events. The fair features more than 160 leading international galleries and some of today's most interesting up-and-coming and established artists. Don't miss the opportunity to be introduced by BeAdvisors Art Department's Head of Advisory, Mattia Pozzoni, to the freshest artistic positions and the most exciting galleries through the different sections of the fair! We will be there too, live tweeting highlights from the fair—follow our hashtag #artsquareatfrieze. Contact us for the unique opportunity to arrange bespoke visits, consultations and design tailor-made experiences with BeAdvisors. Drop us a message at team@artsquare.io.

SPOTLIGHT

MEET OUR PARTNERS:



BeAdvisors
ANTICIPATING THE FUTURE

ArtSquare.io collaborates with partners across the art industry that support our innovative vision of an accessible and democratic art market. We carrying out due diligence on the artworks we list in collaboration with independent consultancy firm BeAdvisors. Based in London and Milan, the firm is renowned across Europe for its international Art Advisory Department specialising in modern and contemporary art from Europe, Asia, the US, South America and UAE. BeAdvisors works with private art collectors, institutions, and corporations, assisting them in navigating the art market and offering legal support in their art investments and art collecting. In tandem with our very own Art Department, the Art Department at BeAdvisors reviews and certifies the information available on the artworks—provenance documentation, certificate of authenticity, photo-certificates, tags and labels, condition reports, letters from previous owners and records of loans—and compiles the information into a user-friendly fact sheet: this includes an auction-house-style lot essay that gives you insights into the historical value of the object and facts on the artist's market. You can find the fact sheet on the main Listing page of your ArtSquare account.



Mauro Mattei
Art Finance
Expert

BeAdvisors founder Mauro Mattei is a tax advisor with more than twenty years of experience in the industry. He is specialised in cross-border tax matters and on the assistance to HNWI on wealth management, protection and planning issues. He is also the co-founder and CEO at Beartonline Ltd, a crowdfunding online platform dedicated to contemporary art.

'ArtSquare.io's values and vision match BeAdvisors' completely. ArtSquare.io's use of Blockchain Technology to make the sale and ownership of art democratic, safe, and flexible aligns with our focus on innovation and the application of hi-tech solutions to the financial, tax and import/export aspects of art ownership. We see ArtSquare.io as a partner in BeAdvisors' mission of updating the way we navigate the market for contemporary art.'