

# BLOCKCHAIN BASED ART EXCHANGE PLATFORM

whitepaper v.1.0.3 15 May 21

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- (a) in any decision to acquire any Artex Token, you have shall not rely on any statement set out in the Whitepaper or the Website;
- (b) you will and shall at your own expense ensure compliance with all laws, regulatory requirements and restrictions applicable to you (as the case may be); (c) you acknowledge, understand and agree that Artex Token may have no value, there is no guarantee or representation of value or liquidity for Artex Token, and Artex Token is not an investment product nor is it intended for any speculative investment whatsoever;
- (d) none of the Company, the Distributor, their respective affiliates, and/or the Artex team members shall be responsible for or liable for the value of Artex Token, the transferability and/or liquidity of Artex Token and/or the availability of any market for Artex Token through third parties or otherwise; and
- (e) you acknowledge, understand and agree that you are not eligible to participate in the distribution of Artex Token if you are a citizen, national, resident (tax or otherwise), domiciliary and/or green card holder of a geographic area or country (i) where it is likely that the distribution of Artex Token would be construed as the sale of a security (howsoever named), financial service or investment product and/or (ii) where participation in token distributions is prohibited by applicable law, decree, regulation, treaty, or administrative act (including

without limitation the United States of America and the People's Republic of China); and to this effect you agree to provide all such identity verification document when requested in order for the relevant checks to be carried out.

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Informational purposes only: The information set out herein is only conceptual, and describes the future development goals for the Artex platform to be developed. In particular, the project roadmap in the Whitepaper is being shared in order to outline some of the plans of the Artex team, and is provided solely for INFORMATIONAL PURPOSES and does not constitute any binding commitment. Please do not rely on this information in deciding whether to participate in the token distribution because ultimately, the development, release, and timing of any products, features or functionality remains at the sole discretion of the Company, the Distributor or their respective affiliates, and is subject to change. Further, the Whitepaper or the Website may be amended or replaced from time to time. There are no obligations to update the Whitepaper or the Website, or to provide recipients with access to any information beyond what is provided herein.

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#### What We Believe

We believe in a world where not only the lucky and privileged people but every person can also acquire first-class artworks. Blockchain is the safest way to achieve this, and our vision is to provide the necessary products and services with great transparency to ensure that acquiring and participating in artworks becomes the new trend of the crypto world. The future of finance is a democratic distribution. Power is in everyone's hands.

# What is Artex? Artex is the first and only of its kind in the world; A new generation art acquisition platform, where everyone can participate in first-class works of art any time any amount and can manage these assets easily. The first-class works of art are insured based on transparent pricing by renowned art experts from various countries and, are tokenized on the blockchain technology according to their appraised value. In fact, thanks to smart contract technology, people can buy or sell the amount of art works participation listed in the market and the pre-sale process.

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# 01. Background

The introduction of blockchain technology, which promises to take power and information control from an elite class and distribute it among individuals, together with Bitcoin in 2009 brought great changes in the financial sector. In just ten years, the market value of Bitcoin reached \$1 trillion, proving where the world and financial markets are evolving. Furthermore, this value, together with other blockchain networks and altcoins, is now over \$2 trillion.

Let's take a look at a few important statistics on this topic:

The global (fiat) FX market has a daily trading volume of

\$5-7 trillion dollars. Although the daily trading volume of the cryptocurrency market is relatively low (\$150-200 billion dollars), there are 116 unique fiat currencies in the world and the total number of cryptocurrencies is more than 4000 (continues to increase day by day).

These show us that the cryptocurrency market will continue its upward trend.

The art market can be defined as a market where artworks meet their buyers and the main elements of this art market are galleries, auction houses, collectors, sponsors, artists, and art lovers. And today, according to Statista (2021) data, the annual market volume of the global art market is around \$60 billion. Again according to the data, the annual volume of this online art market is estimated to reach \$9.32 billion in 2024. With our new generation market model, which pro-

vides a democratic distribution between people, we believe that there will be significant changes in these statistics. Thanks to Artex, the public offering of artworks that are tokenized using the blockchain infrastructure will ensure great changes in the volume of the global

art market.

Art enables us
to find ourselves
and lose ourselves
at the same time

-Thomas Merton-

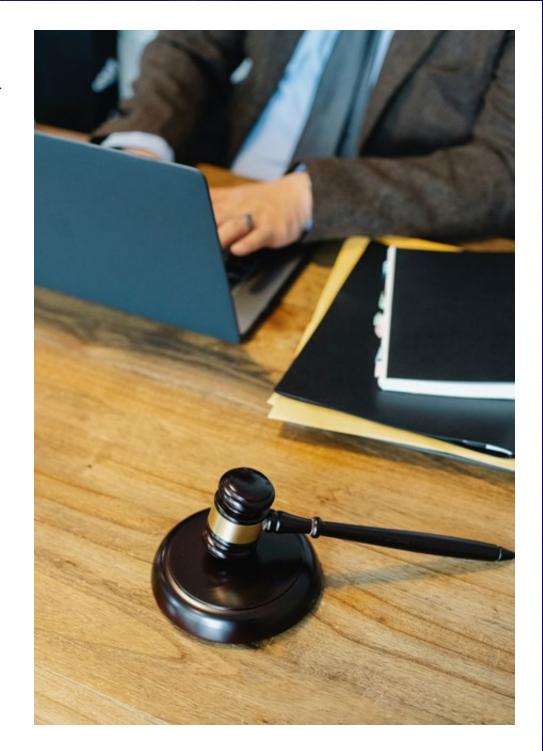
# 02. Business Plan

Nowadays, we are going through a period where the prices of crypto money, which are created with smart contract technology and do not have any physical equivalent, increase hundreds of times. In this sense, the idea of tokenizing a work of art with physical value and ownership is very important. Imagine that you can buy a Munch or Basquiat piece which only an elite few can buy with huge sums of money as if you were buying the shares of a company within your budget.

Which would sound better; buying 0.1 Bitcoins or buying 0.1 Picasso's artwork of the Algerian Women? If your choice is in favor of Picasso, let's explain the working model of the project by going into a little more detail about how this is possible.

#### 2.1. The Art Exchange

Nowadays, artworks such as paintings and sculptures change hands through auctions or direct purchases. It has always been a difficult task for artists to bring their artworks to the right buyers. Their marketing skills are lagging since they prefer to focus on creativity. At this point, galleries and collectors fill this gap. Artworks purchased from artists change hands at very high prices thanks to good marketing or the increase in popularity of the artist over time. According to current intellectu-



al property rights laws, in such cases, artists and legal heirs cannot claim any rights over a previously sold artwork.

For the investors who want to invest in artworks securely, the options are very limited; auctions and art galleries. These institutions rightly receive relatively high commissions in return for their services. Carefully preserving, preserving, and exhibiting works of art are very laborious and costly procedures. Auction houses usually get 12-25% commission per sale while galleries can take 6-10% commission per sale. In the face of this traditional and cumbersome structure, today the art community needs a truly transparent and liquid market.

The working model of Artex, which has been meticulously designed in line with the views of asset owners, artists, auctions, and galleries and within the framework of common interests. It promises to provide the liquidity, security, transparency, and easy access that the sector needs by paving the way for democracy in art investments.

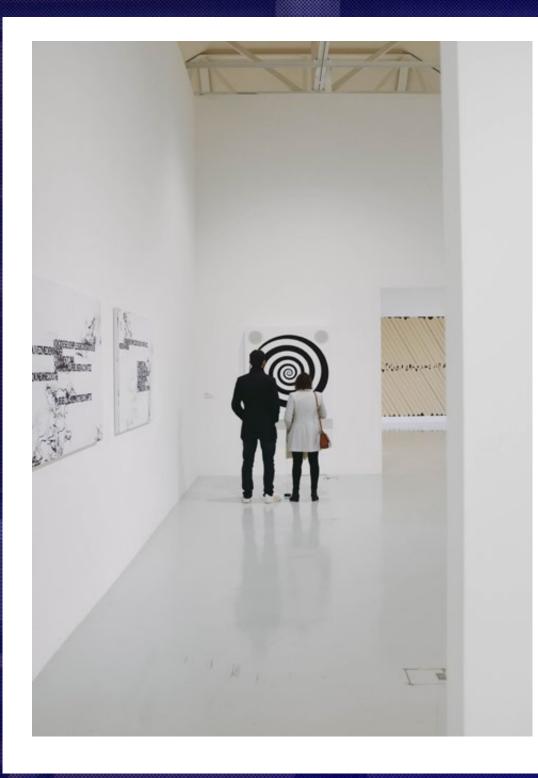
#### 2.2. Listing Artworks

Requests by artists, art galleries, and collectors to list first-class works of art are evaluated by an independent commission through the platform. Members of this commission are artist academics from various universities around the world and leading



curators of the art community. The financial value of the artwork is determined as a result of the evaluations of the commission. The artwork insured at this value is tokenized on the blockchain according to its insured value and becomes ready to be listed on our platform for pre-sale.

For instance, suppose the Independent Review Commission assessed Andy Warhol's Double Elvis \$60 million. This number of artworks is tokenized and offered for sale with a total supply of 60 million for \$1. As the value of tokens increases as a result of the supply and demand balance, the value of the artwork also increases. In response to the decrease in the value of the tokens, price balancing is achieved with the auction to be held every year.



#### 2.3. Physical Ownership

Artworks are listed under two scenarios in Artex;

1. Public offering of 100% of the artwork:

In this scenario, Artex is physically hosting the artwork. In this case, insurance, storage, and maintenance costs are entirely owned by Artex.

2. Public offering of 49% of the artwork:

In this scenario, the entire insurance value of the artwork is tokenized and 51% of the tokens are locked on the owner for 1 year with smart contracts. Thus, it is guaranteed that only 49% of the artwork will be traded on the platform. This is called physical ownership. In this case, the ownership, insurance costs, and maintenance costs of the artwork will be borne by the collector. The key points in this scenario are:

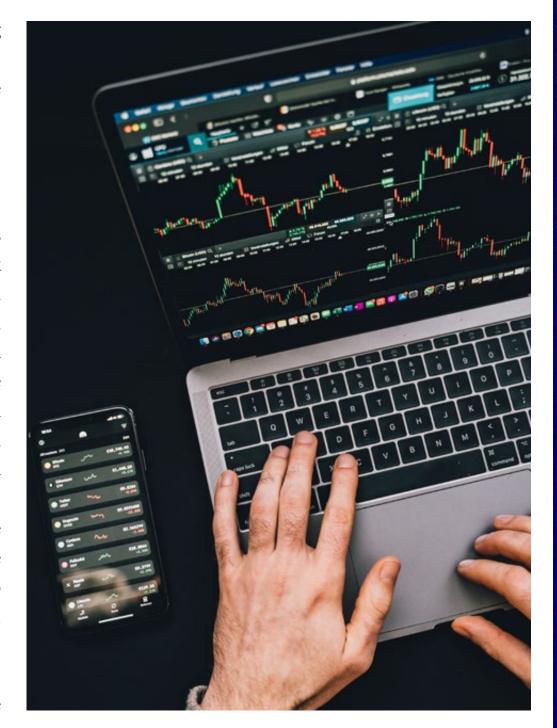
- The fact that 51% of the tokens are locked is a guarantee that no tokens other than those circulating on the platform can be exchanged.
- The fact that the lock-up duration is for one year is because the insurance will be renewed every year at the current value.
- Before each insurance renewal, the "physical ownership" part will be auctioned live on the auction system on the platform over its current value, and the artwork can change

hands physically. Thus, when the price of each token being traded is multiplied by the total supply, it will express the value of the entire artwork, while the price verification will be made with the auctioning of 51% of the item annually.

#### 2.4. Art Ownership

The main purpose of the platform is to enable users to participate in first-class artworks according to their budgets. In this sense, the Artex platform is designed with the classical stock market logic, allowing users to buy and sell artworks with the local currency (fiat) or cryptocurrencies. In the platform, in addition to works of famous artists, who have already a place in art history, artworks of promising young artists are also listed. The listed artworks are exhibited at various global organizations each year and offered to major auctions. Thus, user rights are always protected in the short, medium, and long terms.

Nowadays, one of the safest alternative investments in the world is an art investment. Unfortunately, this vehicle is the playground of only an elite minority and other people who only participate as spectators by paying a fee. At this point, Artex aims to break that pattern by offering first-class artworks tokenized through blockchain technology to everyone, from elite minority to public. So how can this vehicle



smaller units, allowing anyone to acquire fractional units easily. Hence, the public can rise from being a spectator to a position of possession. To conclude, a democratic participation in art is everyone's right, and the artworks of popular artists cannot be dominated by a particular group.

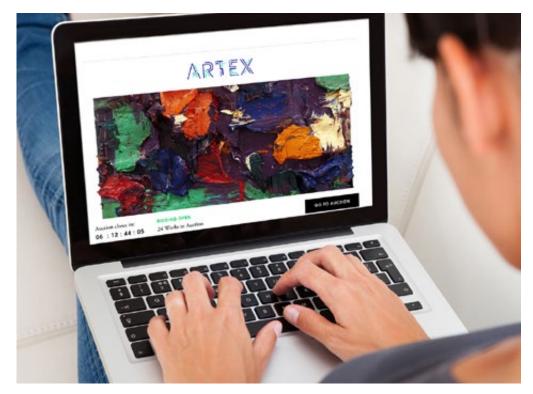
An owner who wants to own the entire artwork;

- If 100% of the artwork is offered to the public, the owner who purchases all of the tokens in circulation becomes the new physical owner of the artwork.
- If 49% of the artwork is offered to the public, the owner who buys 51% of the artwork with the auction to be held, in addition to the number of tokens in circulation, becomes the new owner of the artwork.
- In both scenarios, an owner, who holds all the tokens for the artwork, can end the supply of the artwork in the market (delisting) if she/he wishes. In this case, all tokens corresponding to the artworks are burned.

#### 2.5. Auction System

The Artex platform also has an auction system. In this system, art owners can aim to generate income by listing their artworks in the auction system. Before artworks are listed,

achieve that? Million-dollar artifacts are broken down into they are pre-approved, and fair price valuation is made by the Independent Evaluation Commission. The artwork insured by the owner is kept during the auction hosted by Artex. The bid of every user participating in the auction and bidding is registered and guaranteed through a smart contract. At the end of the auction period, the user who makes the highest bid becomes the new owner of the artwork. This ownership is registered on the blockchain infrastructure with the smart contract and the physical state of the artwork is delivered to the new owner.





# 03. Platform Technology

Artex uses blockchain infrastructure to generate protected digital certificates associated with artworks. The artworks are tokenized and recorded with smart contracts created on the Binance Smart Chain Network. In this process, all information is transparently presented to users such as the identity of the artwork, its smart contract, total supply, and the wallets. When users register on the Artex platform, they also have a BEP20 wallet and store all the tokens they receive through the platform in their wallets.

Our technology can convert traders' local currencies (e.g. USD, EUR, TRY), and cryptocurrencies (e.g. BTC, ETH, BNB). When the platform is fully operational, artworks tokens will be traded in both local currencies and cryptocurrencies. In addition, users will also be able to use Artex Token to avoid commissions and costs that will occur independently of the platform during the conversion of currencies. Undoubtedly, it will be very advantageous for the users to use this token belonging to the platform in both auction transactions and trading processes.

# 04. Artex Token

The native digital cryptographically-secured token of the Artex platform (Artex Token) is a transferable representation of attributed utility functions specified in the protocol/code of the Artex platform, and which is designed to be used solely as an interoperable utility token on the platform.

Artex Token is a non-refundable functional utility token which will be used as the medium of exchange between participants on the Artex platform in a decentralised manner. The goal of introducing Artex Token is to provide a convenient and secure mode of payment and settlement between participants who interact within the ecosystem on the Artex platform, and it is not, and not intended to be, a medium of exchange accepted by the public (or a section of the public) as payment for goods or services or for the discharge of a debt; nor is it designed or intended to be used by any person as payment for any goods or services whatsoever that are not exclusively provided by the issuer. Artex Token does not



title, or interest in the Company, the Distributor, their re- based only on its actual usage, activity and contribution on spective affiliates, or any other company, enterprise or un- the Artex platform, users of the Artex platform and/or holdpromise of fees, dividends, revenue, profits or investment not receive any Artex Token incentives. returns, and are not intended to constitute securities in Sin- When the Artex platform is fully operational, it will enable; gapore or any relevant jurisdiction. Artex Token may only • Usage of Artex Tokens for payment of platform fees for be utilised on the Artex platform, and ownership of Artex production and approval of smart contracts, Token carries no rights, express or implied, other than the • Participating in various pre-sale events for artwork, right to use Artex Token as a means to enable usage of and • Payment with Artex Tokens to enjoy lower commission interaction within the Artex platform.

will be distributed to encourage users to contribute to and ing in auctions and bidding, indispensable part of the Artex platform, because without and Exhibitions organized by the platform). the benefit of the entire ecosystem on the Artex platform. same time.

in any way represent any shareholding, participation, right, Given that additional Artex Token will be awarded to a user dertaking, nor will Artex Token entitle token holders to any ers of Artex Token which did not actively participate will

- fees,
- Artex Token also provides the economic incentives which Artex Tokens will be the platform currency for participat-
- participate in the ecosystem on the Artex platform, thereby Users holding Artex Tokens will be entitled to certain excreating a win-win system where every participant is fairly clusive privileges such as exclusive shopping transactions, compensated for its efforts. Artex Token is an integral and participating in international events (i.e. Fairs, Biennials,

Artex Token, there would be no incentive for users to expend Thus, as the platform gains worldwide popularity, the utility resources to participate in activities or provide services for function and demand for Artex Tokens will increase at the

# 05. Fee Model

The fee model of the Artex platform is built on the premise of low commissions. The commission rates for the sustainability of the Artex ecosystem in terms of insurance, custody, and maintenance fees are almost negligible compared to galleries and auction houses. For each item listed on the platform, the platform will charge a commission of 0.02 for buy-side transactions and 0.02 for sell-side transactions. In addition, a 0.04 commission is charged on the sale price of each artwork listed in the auction system and successfully sold. A further 50% discount is applied on all commission rates for payments made with Artex Tokens.



after various adjustment and correction parameters.

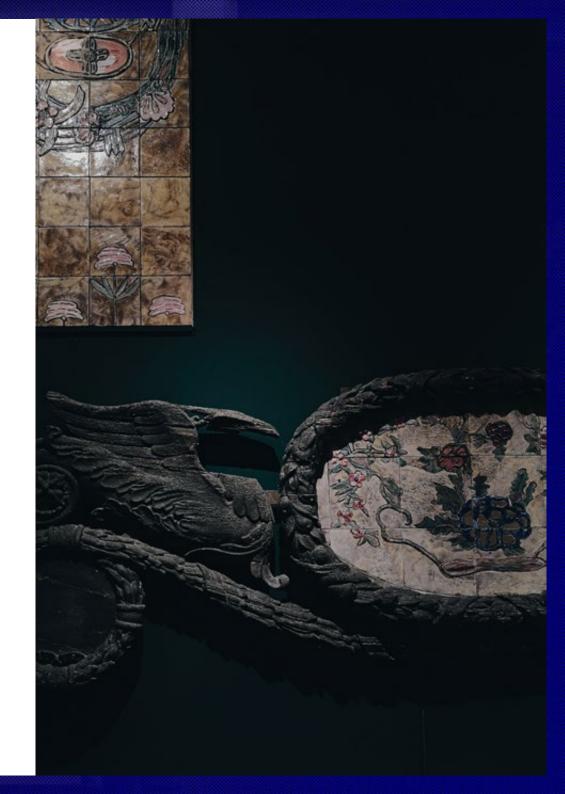
of the Artex Token distribution. In fact, the project to develrepresentation or give any commitment as to its value); (b) loss; (e) is not intended to be a representation of money (in-

So as to provide easy access to Artex Token and promote respective affiliates; (c) does not represent or confer on the ecosystem growth, users would need to be incentivised to token holder any right of any form with respect to the Complay the role of liquidity providers and stake their digital aspany, the Distributor (or any of their respective affiliates), or sets into the decentralised market making pools to provide its revenues or assets, including without limitation any right the necessary liquidity for transactions. As compensation to receive future dividends, revenue, shares, ownership right for opportunity costs, these liquidity providers which help or stake, share or security, any voting, distribution, redempto promote adoption of the Artex platform by staking or tion, liquidation, proprietary (including all forms of intelincluding assets to liquidity pools would be rewarded with lectual property or licence rights), right to receive accounts, Artex Tokens, according to each user's relative contribution financial statements or other financial data, the right to requisition or participate in shareholder meetings, the right Artex Token are designed to be utilised, and that is the goal to nominate a director, or other financial or legal rights or equivalent rights, or intellectual property rights or any other op the Artex platform would fail if all Artex Token holders form of participation in or relating to the Artex platform, simply held onto their Artex Token and did nothing with the Company, the Distributor and/or their service providers; it. In particular, it is highlighted that Artex Token: (a) does (d) is not intended to represent any rights under a contract not have any tangible or physical manifestation, and does for differences or under any other contract the purpose or not have any intrinsic value (nor does any person make any pretended purpose of which is to secure a profit or avoid a is non-refundable and cannot be exchanged for cash (or its cluding electronic money), security, commodity, bond, debt equivalent value in any other digital asset) or any payment instrument, unit in a collective investment scheme or any obligation by the Company, the Distributor or any of their other kind of financial instrument or investment; (f) is not

a loan to the Company, the Distributor or any of their respective affiliates, is not intended to represent a debt owed by the Company, the Distributor or any of their respective affiliates, and there is no expectation of profit; and (g) does not provide the token holder with any ownership or other interest in the Company, the Distributor or any of their respective affiliates.

Notwithstanding the Artex Token distribution, users have no economic or legal right over or beneficial interest in the assets of the Company, the Distributor, or any of their affiliates after the token distribution.

To the extent a secondary market or exchange for trading Artex Token does develop, it would be run and operated wholly independently of the Company, the Distributor, the distribution of Artex Token and the Artex platform. Neither the Company nor the Distributor will create such secondary markets nor will either entity act as an exchange for Artex Token.



# 06. Risks

associated with acquiring Artex Token, holding Artex Token, erations in a jurisdiction in the event that regulatory actions, and using Artex Token for participation in the Artex plat- or changes to law or regulation, make it illegal to operate in form. In the worst scenario, this could lead to the loss of all such jurisdiction, or commercially undesirable to obtain the or part of Artex Token held. IF YOU DECIDE TO ACQUIRE necessary regulatory approval(s) to operate in such jurisdic-ARTEX TOKEN OR PARTICIPATE IN THE ARTEX PLAT- tion. After consulting with a wide range of legal advisors to FORM, YOU EXPRESSLY ACKNOWLEDGE, ACCEPT AND ASSUME THE FOLLOWING RISKS:

#### 6.1. Uncertain Regulations and Enforcement Actions

The regulatory status of the Artex platform, Artex Token ness in accordance with the prevailing market practice. and distributed ledger technology is unclear or unsettled in many jurisdictions. The regulation of digital assets has be- 6.2. Inadequate Disclosure of Information

You acknowledge and agree that there are numerous risks the Distributor (or their respective affiliates) may cease opmitigate the legal risks as much as possible, the Company and Distributor have worked with the specialist blockchain department at Bayfront Law LLC and obtained a legal opinion on the token distribution, and will be conducting busi-

come a primary target of regulation in all major countries in As at the date hereof, the Artex platform is still under dethe world. It is impossible to predict how, when or whether velopment and its design concepts, consensus mechanisms, regulatory agencies may apply existing regulations or create algorithms, codes, and other technical details and paramenew regulations with respect to such technology and its apters may be constantly and frequently updated and changed. plications, including Artex Token and/or the Artex platform. Although this whitepaper contains the most current infor-Regulatory actions could negatively impact Artex Token mation relating to the Artex platform, it is not absolutely and/or the Artex platform in various ways. The Company, complete and may still be adjusted and updated by the Artex

obligation to keep holders of Artex Token informed of every ety of reasons, including without limitation the event of a detail (including development progress and expected mile- decline in the prices of any digital asset, virtual currency or stones) regarding the project to develop the Artex platform, Artex Token, unforeseen technical difficulties, and shortage hence insufficient information disclosure is inevitable and of development funds for activities. reasonable.

#### 6.3. Competitors

Various types of decentralised applications and networks tempt to interfere with Artex Token and/or the Artex platare emerging at a rapid rate, and the industry is increasingly form in a variety of ways, including, but not limited to, competitive. It is possible that alternative networks could be malware attacks, denial of service attacks, consensus-based established that utilise the same or similar code and proto- attacks, Sybil attacks, smurfing and spoofing. Furthermore, col underlying Artex Token and/or the Artex platform and there is a risk that a third party or a member of the Company, attempt to re-create similar facilities. The Artex platform the Distributor or their respective affiliates may intentionmay be required to compete with these alternative networks, ally or unintentionally introduce weaknesses into the core which could negatively impact Artex Token and/or the Artex infrastructure of Artex Token and/or the Artex platform, platform.

#### 6.4. Failure to Develop

team from time to time. The Artex team has no ability and will not be executed or implemented as planned, for a vari-

#### 6.5. Security Weaknesses

Hackers or other malicious groups or organisations may atwhich could negatively affect Artex Token and/or the Artex platform.

Further, the future of cryptography and security innovations There is the risk that the development of the Artex platform are highly unpredictable and advances in cryptography, or technical advances (including without limitation development of quantum computing), could present unknown risks to Artex Token and/or the Artex platform by rendering ineffective the cryptographic consensus mechanism that underpins that blockchain protocol.

#### 6.6. Other Risks

In addition, the potential risks briefly mentioned above are not exhaustive and there are other risks (as more particularly set out in the Terms and Conditions) associated with your participation in the Artex platform, as well as acquisition of, holding and use of Artex Token, including those that the Company or the Distributor cannot anticipate. Such risks may further materialise as unanticipated variations or combinations of the aforementioned risks. You should conduct full due diligence on the Company, the Distributor, their respective affiliates, and the Artex team, as well as understand the overall framework, mission and vision for the Artex platform prior to participating in the same and/or acquiring Artex Token.

