



**ART MARKET GURU**

**CODEX PROTOCOL  
INDUSTRY NOTE**

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## SUMMARY

Today, there is no central registry for Art and Collectibles (A&C), worldwide or at country level. One of the most significant challenges for dealers and collectors is to provide proof of ownership and provenance for valuable objects. Codex Protocol promises to create a permanent, auditable trail of the provenance and authenticity of objects through blockchain technology. The intention of the platform is to facilitate frictionless online services and transactions between traditional and marginalized asset sellers and buyers.

Codex Protocol is a blockchain-based ecosystem for software applications (that are called “dApps”) related to transacting business in the art and collectibles (A&C) markets. The platform is still in the proof-of-concept phase.

dApp software engineers integrate their dApps with Codex Protocol to offer a variety of services to members of the Blockchain. dApps — or “decentralized applications” — are a special kind of software “app” that takes advantage of a blockchain’s distributed ledger composition to act on all ledgers within a Blockchain network at the same time.

dApps integrated with the Codex Protocol platform can take advantage of a single source for the history and authentication of A&C objects. dApps connected to Codex Protocol will permit their users to view provenance and certification information maintained in Codex Protocol. dApps will also update the records of objects as transactions occur through their software applications.



For instance, in the Spring of 2018 Codex Labs Inc., based in the United States, rolled out an auction dApp named Biddable that will integrate with Codex Protocol when the platform becomes available. The integration will enable any buyer and seller in Biddable to refer to the certificates and provenance records that Codex Protocol holds. Codex Labs is the prime developer of Codex Protocol.

At this writing, third party blockchain solution providers with whom Codex Labs have signed a Memorandum of Understanding (MOU) include Maecenas, Dust, The Clarion List, Luxury Asset Capital, ValueMyStuff, and Feral Horses.

*Analyses of individual dApps intended to integrate with Codex Protocol are beyond the scope of this report.* The intention of this report is to aid stakeholders in Codex Protocol to gauge the levels of risk and opportunity that stakes in the online ecosystem present them.

The kinds of stakeholders who may be impacted by the Codex Protocol project include:

- ▶ Blockchain dApp makers / systems integrators
- ▶ Asset owners (artists, collectors, dealers, and galleries)
- ▶ Stakeholders who wish to use the platform's cryptocurrency as a store of value
- ▶ Third-party service providers / art experts who provide support functions to the platform and related applications (e.g., Validators)

The greatest risks to each of the stakeholder groups include:

- ▶ Swings and spreads in cryptocurrency and *fiat* currency market valuations
- ▶ The quality and number of validators responsible for creating and updating provenance and authenticity records on the Codex Protocol blockchain
- ▶ Growing cybersecurity threats to high profile blockchain marketplaces
- ▶ The degree to which A&C markets embrace Codex Protocol as the premiere blockchain ecosystem through which to transact business

Compared with other blockchain startups across sectors, Codex Protocol has a leadership team that is as experienced as any other with the technology. As the Codex Protocol model does have the backing of venture capitalists, potential dApp partners, and media outlets, the project has considerable momentum behind it. And while every startup carries risks, the operation is as credible as any tech startup, independent of the technology.