

The Evolution of the Art Market by SQARES

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Abstract

This paper explores the claim of the evolution of the art market by SQARES, a new online platform for art trading. The major aspects of the art market are discussed, followed by an explanation of SQARES and a comparison of its key features with the offline art market. The benefits and advantages of SQARES are highlighted, and it is concluded that SQARES defines the new online market of art trading.

Keywords

SQARES — ARES — Evolution

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1. Introduction

SQARES is a pioneering platform that harnesses the power of blockchain technology, Secured Non-Fungible Tokens (SNFTs),

and a distinctive investment model to establish a decentralized and inclusive art marketplace. This whitepaper aims to provide a comprehensive understanding of SQUARES and its innovative approach to revolutionizing the art market.

1.1 Background

The art market has traditionally been confined to a select group of individuals and institutions, making it exclusive and difficult for emerging artists to gain exposure and recognition. Additionally, the lack of transparency and intermediaries in the art market often leads to challenges related to provenance, ownership, and fair compensation for artists.

1.2 Problem Statement

To address these issues, SQUARES is introduced as a transformative solution that leverages blockchain technology to create a decentralized and transparent art marketplace. By combining SNFTs and a unique investment model, SQUARES aims to democratize access to art investments, empower artists, and provide a secure and efficient platform for art enthusiasts.

2. Understanding SQUARES

2.1 Overview of SQUARES

SQUARES is an online marketplace that allows artists to tokenize their artworks as SNFTs and showcase them to a global audience. The platform facilitates the buying, selling, and trading of these SNFTs, providing artists with a direct connection to art enthusiasts and investors.

2.2 Key Features and Benefits

SQUARES offers several key features and benefits that set it apart as a unique and innovative platform in the art market. Here are some of the key features and benefits of SQUARES:

Secured Non-Fungible Tokens (SNFTs): SQUARES utilizes SNFTs, which are digital representations of complete artworks. SNFTs provide a high level of security, authenticity, and provenance for the artworks. Each SNFT is unique and cannot be replicated or counterfeited, ensuring the integrity of the artwork and the ownership rights associated with it.

Decentralized Marketplace: SQUARES operates on a decentralized blockchain platform, such as Ethereum Mainchain. This decentralized approach eliminates the need for intermediaries, such as galleries or auction houses, allowing for direct peer-to-peer transactions between artists and collectors. It empowers artists to reach a global audience and provides collectors with a diverse range of artworks to choose from.

Exclusive Ownership: SQUARES focuses on non-fractional ownership, meaning that investors can acquire complete ownership of the artworks. This model allows collectors to have exclusive control over the artworks they acquire, enabling them to display, loan, or sell the artwork as a whole.

Investment Opportunities: SQUARES provides investment opportunities in the art market, allowing individuals to invest in high-quality artworks and potentially benefit from their

appreciation over time. Investors can participate in the art market and build a portfolio of valuable artworks.

Transparent and Immutable Transactions: Blockchain technology ensures transparency and immutability in all transactions conducted on SQUARES. Every transaction is recorded on the blockchain, providing a verifiable and transparent history of ownership, provenance, and sales. This transparency enhances trust and confidence among artists, collectors, and investors.

Global Art Community: SQUARES creates a global community of artists, collectors, and enthusiasts. It connects artists with potential buyers and allows collectors to discover and engage with artists from around the world. This global reach fosters collaboration, networking, and exposure for artists while providing collectors with access to a diverse range of artistic styles and genres.

Enhanced Liquidity: SQUARES aims to enhance liquidity in the art market by providing a platform for buying, selling, and trading artworks. Through the digital nature of SNFTs and the decentralized marketplace, SQUARES facilitates easier and faster transactions, potentially increasing liquidity and accessibility for both artists and collectors.

Empowering Artists: SQUARES empowers artists by providing them with a platform to showcase their work, gain recognition, and connect with a global audience. Artists can maintain control over their artwork, set their own pricing, and directly engage with collectors, eliminating the need for intermediaries.

Overall, SQUARES leverages the power of blockchain, SNFTs, and a decentralized marketplace to create a transparent, inclusive, and innovative art market. It benefits artists, collectors, and investors by providing secure transactions, exclusive ownership, investment opportunities, and a global community for artistic collaboration and appreciation.

2.3 Integration of Blockchain Technology

SQUARES, a decentralized application (DApp) for managing Secure Non Fungible Tokens (SNFTs), integrates blockchain technology to provide a secure and transparent platform for tokenization, ownership, and control of digital assets. Here's an explanation of how SQUARES leverages blockchain technology:

- 1. Tokenization:** Blockchain technology allows for the tokenization of real-world assets, such as artworks, into digital representations known as SNFTs. By assigning a unique token to each asset, SQUARES creates a digital representation that can be easily traded, transferred, and verified on the blockchain.

- 2. Immutable Ownership Records:** Blockchain provides an immutable ledger where ownership records of SNFTs are stored. Once a transaction is recorded on the blockchain, it cannot be altered or tampered with, ensuring a transparent and auditable history of ownership.

- 3. Smart Contracts:** SQUARES utilizes smart contracts, which are self-executing contracts with predefined rules and conditions written in code. These smart contracts automate the

execution of various operations within the platform, such as transferring ownership, verifying authenticity, and enforcing exclusivity.

4. **Decentralization:** SQUARES operates on a decentralized network, typically a blockchain, where multiple participants maintain a copy of the blockchain's data. This decentralization ensures that there is no single point of failure or control, making the platform more resilient to attacks and censorship.

5. **Consensus Mechanisms:** Blockchain networks employ consensus mechanisms, such as Proof-of-Work (PoW) or Proof-of-Stake (PoS), to validate and agree on the state of the blockchain. These mechanisms ensure that transactions and changes to the SNFTs' ownership records are verified by the network participants, enhancing security and trust in the system.

6. **Security and Tamper Resistance:** The decentralized nature of blockchain, coupled with cryptographic algorithms, provides a high level of security for SNFTs. Each transaction is cryptographically signed, making it virtually impossible for unauthorized parties to tamper with the records or forge ownership.

7. **Interoperability:** Blockchain technology enables interoperability between different platforms and ecosystems. SNFTs created on SQUARES can potentially be traded on other compatible platforms, expanding the reach and liquidity of the assets.

8. **Transparency and Auditing:** All transactions and activities within SQUARES are recorded on the blockchain, creating a transparent and auditable system. This transparency helps to build trust among participants, as anyone can verify the authenticity and ownership history of SNFTs.

By integrating blockchain technology, SQUARES enhances the security, transparency, and efficiency of managing SNFTs, providing artists and investors with a decentralized and trustworthy platform for tokenizing and trading digital assets.

2.4 Secured Non-Fungible Tokens (SNFTs)

SNFT stands for Secure Non-Fungible Token. It is a technology used by SQUARES, an online art market, to securely tokenize and represent real-world assets, specifically artworks, as digital assets on the Ethereum blockchain.

Unlike fungible tokens (such as cryptocurrencies like Bitcoin or Ethereum), which are interchangeable and have identical value, non-fungible tokens (NFTs) are unique and indivisible. Each NFT represents a specific asset or piece of content, such as a digital artwork, collectible, or even a real estate property. SNFT is a specific implementation of NFTs used by SQUARES to tokenize and secure artworks.

SNFTs leverage the cryptographic properties of blockchain technology to create a digital representation or "digital twin" of the real-world artwork. This digital representation is stored on the Ethereum blockchain, making it secure, transparent, and tamper-proof. Each SNFT contains metadata that describes the artwork, including its provenance, artist information, and other relevant details.

By tokenizing artworks using SNFT, SQUARES ensures the exclusivity and authenticity of each artwork. The ownership of the artwork is recorded on the blockchain, and only the owner can sell, transfer, or trade the SNFT representing the artwork. This provides a transparent and verifiable record of ownership, protecting against counterfeiting and fraud in the art market.

Overall, SNFTs play a crucial role in SQUARES by securely tokenizing artworks, providing transparency and provenance, enabling fractional ownership, and facilitating the trading of digital representations of real-world assets on the Ethereum blockchain.

2.5 Ethereum Mainchain Integration

SQUARES utilizes the Ethereum Mainchain, a widely adopted blockchain platform, to ensure interoperability, scalability, and compatibility with other decentralized applications and services. The integration with Ethereum Mainchain allows for seamless tokenization, trading, and transfer of SNFTs within the SQUARES ecosystem.

3. ARES Investor Participation

3.1 Definition of ARES Investors

ARES, also known as ARES invest, is the benefiting participation in the SQUARES art market. ARES investors do not directly invest in artworks but rather in the art market where art is traded.

Members of ARES receive quarterly distributions, that is transferred automatically to the Decentralized Autonomous Organisation ARES on Ethereum Mainchain.

To participate in ARES, investors need a wallet with an Ethereum account, such as Metamask. Training sessions and setup services are available to facilitate a seamless entry into the platform.

SQUARES charges a trading fee of 5% on each artwork sold, which is significantly lower than the fees in the traditional art market, which can be as high as 50%.

Investors in ARES earn returns from the trading fees generated on SQUARES. The trading fees represent 5% of the sales price of the artwork, and 20% of the trading fees are distributed back to the ARES member. The distributions are 100% of the returns generated.

ARES is autonomously organized and groups of members into different groups depending on the time of participation. Within each group, distributions are proportionally allocated based on the individual participation amount relative to the group's total participation.

3.2 Promoting Trust and Commitment

SQUARES prioritizes building trust between artists, and the platform itself. Through transparency, regular communication, and the enforcement of smart contracts, SQUARES ensures that all stakeholders are aligned, fostering a collaborative and committed community.

4. The Role of SNFTs in SQUARES

4.1 SNFTs: Complete Digital Artworks

SNFTs represent complete digital artworks on the SQUARES platform. These tokens encapsulate the entire artistic creation, including visual and audio elements, metadata, and licensing information, providing a comprehensive representation of the artwork in the digital realm.

4.2 SNFTs as Digital Twins

SNFTs serve as digital twins of physical artworks, allowing artists to maintain ownership and control over their creations while offering art enthusiasts and investors the opportunity to own a unique digital representation of the artwork.

4.3 Benefits of SNFTs in the Art Market

SNFTs introduce several benefits to the art market, non-fractional ownership, global accessibility, provenance verification, and programmable royalties. These features empower artists, enable new revenue streams, and enhance the overall liquidity and tradability of art assets.

4.4 Compatibility with ERC721-Based Applications

SQUARES adopts the ERC721 standard, a widely adopted protocol for NFTs, ensuring compatibility with a vast ecosystem of applications, marketplaces, and services that support ERC721 tokens. This compatibility expands the reach and utility of SNFTs, enabling seamless integration with other platforms and fostering a vibrant art ecosystem.

5. The Art Market

5.1 Physical Presence

In the offline art market, artworks are displayed in physical spaces such as galleries and museums. Buyers have the opportunity to view and appreciate the artworks firsthand, experiencing their textures, colors, and dimensions in person.

5.2 Limited Access

The offline art market has geographical limitations, with artworks primarily accessible to those who can physically visit galleries or art events. This can restrict the reach and exposure of artworks and artists to a specific region or audience.

5.3 Intermediaries

The traditional art market involves various intermediaries, including art dealers, agents, curators, and auction house specialists. These intermediaries facilitate transactions, provide expertise, and establish connections between artists and buyers. They often play a significant role in determining the value and pricing of artworks.

5.4 Pricing and Value

In the offline art market, the pricing and value of artworks are influenced by factors such as the reputation of the artist, the historical significance of the artwork, its condition, rarity,

and demand. Pricing negotiations and sales are commonly conducted through private negotiations or public auctions.

5.5 Limited Transparency

The art market has historically faced challenges related to transparency. Information about pricing, provenance, and authenticity can be limited, making it difficult for buyers to make informed decisions. This lack of transparency can create barriers to entry for emerging artists and hinder market efficiency.

5.6 High Transaction Costs

Buying and selling artworks offline often incurs significant transaction costs, including gallery fees, commissions, transportation costs, and insurance expenses. These costs can be substantial, particularly for high-value artworks.

5.7 Established Networks

The offline art market relies heavily on established networks and relationships between artists, galleries, collectors, and art institutions. These networks often influence the visibility, reputation, and success of artists and play a crucial role in shaping the art market dynamics.

5.8 Challenged Market

Despite its long-standing prominence, the classic offline art market has faced criticism for its exclusivity, lack of transparency, and limitations on access for artists and buyers. This has paved the way for the emergence of online platforms like SQUARES, which aim to address these challenges and revolutionize the art market.

6. Progressing the Art Market

6.1 Empowering Artists and Creators

SQUARES empowers artists by providing them with a direct platform to showcase their work, gain exposure, and monetize their creations. By removing barriers to entry and offering a global audience, SQUARES enables artists to reach a wider market and earn fair compensation for their art.

6.2 Decentralization and Transparency

Through its decentralized architecture and transparent record-keeping, SQUARES introduces a level playing field for artists and investors. Blockchain technology ensures immutable proof of ownership, transaction history, and revenue sharing, fostering trust and transparency in the art market.

6.3 Liquidity and Secondary Market Trading

SQUARES facilitates liquidity for art investments by enabling secondary market trading of SNFTs. Investors can trade their SNFTs with other participants, providing flexibility and opportunities to capitalize on market trends and changing preferences.

7. SQUARES: The New Frontier of Art Trading

7.1 Introduction

SQUARES is an innovative online platform that has emerged as the new frontier of art trading. It leverages technology and digital connectivity to revolutionize the way artworks are bought and sold. In this paper, we will explore the key features and advantages of SQUARES in the context of the evolving art market.

7.2 Accessibility and Global Reach

One of the primary advantages of SQUARES is its accessibility and global reach. Unlike the traditional offline art market, SQUARES transcends geographical limitations, allowing art enthusiasts and collectors from around the world to connect and engage in art trading. Through its online platform, SQUARES brings together a diverse community of artists, collectors, and buyers, expanding the reach and exposure of artworks beyond traditional boundaries.

7.3 Democratization of Art

SQUARES promotes the democratization of art by providing a platform for emerging artists to showcase their work and gain recognition. It eliminates the barriers to entry that artists often face in the offline art market, where established networks and gatekeepers can limit opportunities for emerging talents. SQUARES empowers artists to directly connect with potential buyers and build their reputation based on the quality of their work, rather than relying solely on traditional art market dynamics.

7.4 Transparency and Information Accessibility

One of the key advantages of SQUARES is its commitment to transparency and information accessibility. The platform provides detailed information about each artwork, including its description, provenance, artist background, and pricing. Buyers can make informed decisions based on comprehensive information, reducing the risks associated with purchasing artworks. Additionally, SQUARES employs robust authentication processes to ensure the authenticity of artworks, mitigating concerns about forgeries and counterfeit pieces.

7.5 Lower Transaction Costs

Compared to the offline art market, SQUARES offers lower transaction costs for both buyers and sellers. The platform eliminates the need for intermediaries such as art dealers, agents, and auction houses, reducing associated fees and commissions. Additionally, SQUARES streamlines the buying process, making it more efficient and cost-effective for both parties involved.

7.6 Artistic Discovery and Exploration

SQUARES provides a unique space for artistic discovery and exploration. The platform features a vast collection of artworks from various genres, styles, and artists, allowing users

to explore and discover new talents and artistic expressions. Users can easily browse through different categories, filter artworks based on their preferences, and engage in conversations with artists and fellow art enthusiasts.

7.7 Paradigm shift

SQUARES represents a paradigm shift in the art market, redefining the way artworks are traded and experienced. Through its online platform, SQUARES offers accessibility, transparency, and lower transaction costs, democratizing the art market and empowering artists and buyers alike. With its global reach and commitment to innovation, SQUARES is shaping the future of art trading and establishing itself as the new frontier in the art market.

8. Comparison with the Offline Art Market

The art market has traditionally relied on offline channels for the buying and selling of artworks. However, with the advent of digital technology, online platforms such as SQUARES have emerged, offering new possibilities and transforming the landscape of art trading. In this section, we will compare SQUARES with the offline art market in various key aspects.

8.1 Global Reach

The offline art market is often limited by geographical boundaries and physical exhibition spaces. Art buyers and collectors need to visit galleries, auctions, and art fairs to access artworks. In contrast, SQUARES provides a global platform accessible to anyone with an internet connection. It overcomes geographical barriers, allowing art enthusiasts from around the world to participate in art trading and discover a wide range of artworks available for immediate purchase.

8.2 Equal Opportunities for Artists

In the offline art market, artists and their artworks heavily rely on established galleries, curators, and art dealers to gain recognition and visibility. Emerging artists often face the challenge of gaining exposure and reaching potential buyers. SQUARES, on the other hand, offers equal competition conditions by providing a platform where artists can directly showcase their works to a global audience. SQUARES promotes artistic discovery and enables users to explore a diverse collection of artworks by both established and emerging artists. Particularly, the integration of developers within SQUARES allows artists to create their own view of the SQUARES universe within their own presence.

8.3 Simplified Transaction Process

The offline art market involves a complex transaction process that typically requires the involvement of intermediaries such as art dealers, agents, and auction houses. These intermediaries play a crucial role in facilitating the buying and selling of artworks but are often associated with significant additional costs and fees. SQUARES simplifies the transaction process by directly connecting artists and buyers. SQUARES eliminates

intermediaries, reducing transaction costs and providing a more efficient and streamlined experience.

8.4 Authentication and Trust

One of the challenges in the offline art market is ensuring the authenticity of artworks. Buyers often rely on experts, appraisers, and provenance research to verify the legitimacy of an artwork. SQUARES addresses this issue by implementing robust authentication processes during the initial tokenization leading to the issuance. SQUARES provides detailed information about each artwork, including its origin, artist background, and authentication certificates if applicable. This transparency and accessibility of information build trust among buyers and reduce the risk of purchasing forgeries or counterfeit artworks.

8.5 Disrupting Market Dynamics

The offline art market operates within a well-established ecosystem of galleries, auction houses, and art institutions. These establishments have significant influence on art prices, trends, and the reputation of artists. SQUARES, as a relatively new player in the art market, disrupts this dynamic by providing a stable investor valuation, enabling participation in the intrinsic value.

8.6 Conclusion

SQUARES represents a significant development in the art market, offering advantages and opportunities that differ from the traditional offline art market. SQUARES provides accessibility, openness, and transparency while simplifying the transaction process and reducing costs. SQUARES does not fundamentally question established market dynamics but represents an evolutionary step towards digital innovation that redefines how artworks are bought and sold.

9. Advantages of SQUARES

9.1 Introduction

SQUARES is an innovative online platform that has revolutionized the art trading landscape. In this section, we will explore the advantages offered by SQUARES and how they contribute to its position as the new frontier of art trading.

9.2 Global Reach

One of the key advantages of SQUARES is its global reach. It provides a platform where artists and art enthusiasts from around the world can connect and engage in art trading. This global accessibility expands the audience for artists, allowing them to showcase their work to a diverse and international community of potential buyers. Likewise, art collectors benefit from access to a wide range of artworks from various cultural backgrounds, enhancing their art collecting experience.

9.3 Artistic Discovery

SQUARES offers a rich and diverse collection of artworks from both established and emerging artists. This platform serves

as a hub for artistic discovery, allowing users to explore new art styles, trends, and artists. By breaking down geographical barriers and connecting artists and collectors worldwide, SQUARES facilitates the discovery of unique and exceptional artworks that may have otherwise remained hidden in the traditional offline art market.

9.4 Direct Artist Interaction

Unlike the offline art market, SQUARES enables direct interaction between artists and buyers. This direct engagement creates a more personal and authentic experience for collectors, as they can communicate directly with the artists, gain insights into their creative process, and learn about the inspiration behind their artworks. Such interactions foster a deeper appreciation for the artwork and establish meaningful connections between artists and collectors.

9.5 Transparency and Information Accessibility

SQUARES prioritizes transparency by providing detailed information about each artwork listed on its platform. Buyers can access comprehensive descriptions, high-quality images, artist biographies, and authentication certificates when applicable. This transparency empowers buyers to make informed decisions and ensures the authenticity and quality of the artworks they are considering for purchase. Additionally, SQUARES maintains a transparent pricing system, allowing buyers to evaluate the fair market value of artworks.

9.6 Streamlined Transaction Process

The transaction process on SQUARES is designed to be efficient and user-friendly. Buyers can browse artworks, make inquiries, and securely complete their purchases online. SQUARES handles payment processing and facilitates the owner switch in the SNFT of the sold artwork automatically. In the case of taking out the artwork from the warehouse, only the new owner is allowed to do so at the moment of trade. SQUARES eliminates the need for intermediaries and reduces associated costs and complexities typically encountered in the offline art market.

9.7 A Big Approach

SQUARES offers a range of advantages that redefine the art trading experience. Its global reach, artistic discovery potential, direct artist interaction, transparency, and streamlined transaction process make it a preferred platform for artists and collectors alike. By leveraging technology and embracing innovation, SQUARES has positioned itself as a leader in the new frontier of art trading, shaping the future of the art market.

10. Conclusion

SQUARES represents a significant evolution in the art market, offering a new online platform for art trading. By providing enhanced accessibility, transparency, and cost advantages, SQUARES is poised to redefine the art market as the de facto new online marketplace for art trading.

11. References

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