

# FAMILY OFFICE ELITE

Special Issue - 2



GREATEST SALE OF ARTIFACTS IN HISTORY - \$855,000,000 USD

SUBSCRIPTION \$199 PER YEAR

[www.familyofficeelite.com](http://www.familyofficeelite.com)

# Art Finance & Law

Art Law Foundation Conference Series by Anne Laure Bandle & Sandrine Giroud



**Anne Laure Bandle**



**Sandrine Giroud**

The practice of art financing and investment is representative of the development of the art market over the past decades. It's no longer exclusive to a small group of players and has grown in size, scope and figures. The market has also transformed the purpose of buying and holding art. Generations ago, collectors owned masterpieces like treasures; they bought what they liked. Today, as art prices have soared, art buyers can consider a profit as part of their decision.

Last November, Geneva-based Art Law Foundation launched a conference series on "Art Finance & Law: Risk, Rules and Opportunities in Art Investment". This aims to examine the growing practice of art investments and the use of art as an investment asset. With the help of many renowned speakers from academia and practice, the series explores securitisation of art as an asset class, the differences

between art funds and hedge funds, the peculiarities of portfolio and fund management, the different types of loans against art collateral, and the risks and rules for art investments. The series is organised in partnership with Falcon Fine Art, Sotheby's, LALIVE, borro and Oblyon.

The first conference of the series was held in London at the Institute of Contemporary Art and attracted a wide range of industry professionals, media and students. Several experts demonstrated to what extent they can foresee and reduce the risks in art investment and why art as an asset class is particularly challenging when compared to other types of assets.

Melanie Gerlis, Art market editor at The Art Newspaper and author of the book "Art as an investment?", warned of the risks that art investment entails by comparing art

to other asset classes such as gold, equities, and wine. She chaired the first round table discussion which explored whether the art market needed more regulation. David Arendt, Managing Director at the Luxembourg Freeport and Philip Hoffman, Founder and CEO at the Fine Art Fund stated that they welcome existing regulation, as it made the Art market more efficient. Karen Sanig, Head of Art Law at Mishcon de Reya, stressed the difficulty of finding a consensus and creating a law. She warned that the law is not always suited to govern art related issues, particularly with regard to authenticity disputes. Instead, the art market has begun to regulate itself. The speakers seemed to agree that overregulation might kill the art market. An example was provided by Marco Mercanti and Stefanie Berloffia-Spadafora CEO and Head of Legal at Oblyon. They showed how applicable export laws in Italy

made art business difficult, thereby causing a lack of growth in Italy's art market. The afternoon session on art lending was introduced by Anna Dempster, Associate Professor at the Sotheby's Institute and editor of the book "Risk & Uncertainty in the Art World". She underlined the limits of traditional economic models when applied to the art market. The market's idiosyncrasies, including factors which cannot be calculated, such as emotions, call for expert advice in order to successfully manage the risks tied to art transactions. During a roundtable discussion, various players in art lending explained their model and due diligence on an art assets title, authenticity and quality. Further legal issues in art lending were enumerated by Amanda Gray, Associate at Mishcon de Reya. Overall, the expansion in art lending models and the growth

of such businesses shows the market's thirst for liquidity.

The second conference of the series will take place in Geneva on 26 January 2015. Jointly organised by the Art Law Foundation and the Centre for Banking and Financial Law of the University of Geneva, it will approach the topic of art finance and law from the perspective of players of the local market such as Frédéric Dawance of Banque Lombard Odier & Cie SA, Manuela de Kerchove of Schroders, Yann Walther of the Fine Arts Expert Institute and Yves Bouvier of Natural Le Coultre. Other international experts, including Jan Prasens of Sotheby's Financial Services in New York and Fabian Bocart of Tutela Capital in Luxembourg will provide their view on the evolution of art as an asset class and the risks and opportunities in art investment.

Top legal experts such as Luc Thévenoz and Xavier Oberson of the University of Geneva, and James Carleton of Farrer & Co LLP will also share their expertise on the issues of banking, finance and tax law related to art investment.

These experts will, in particular, look at issues of compliance in the art market: banking compliance, provenance, authentication and, against the background of an ever attractive art market, discuss the recurring question of a need for more regulation.

As Andy Warhol once said "Making money is art and working is art and good business is the best art." This conference series will be an opportunity to have a sense of our time and examine whether art investment has become an art in itself.



  
www.cornhillfx.com

**Exchanging currency for  
High Net Worth Individuals and  
Corporate Clients worldwide**

**+44 207 710 9610**

OVERSEAS PROPERTY PURCHASE • LUXURY ITEMS • CORPORATE TREASURY

CORNHILL FX IS AUTHORISED BY THE FINANCIAL CONDUCT AUTHORITY (FCA) FOR THE PROVISION OF PAYMENT SERVICES, UNDER THE PAYMENT SERVICES REGULATIONS 2009, FIRM REFERENCE NO. 504494. • CORNHILL FX IS A LICENSED AND REGISTERED MONEY BROKING BUSINESS (MSB) WITH HM REVENUE & CUSTOMS, REGISTRATION NO. 12267307.

