Regulating the Art Market: Will Ethical and Similar Considerations Spoil all the Fun? – The Responsible Art Market

Appraisers Association of America

New York, 10 November 2017
How to enjoy art peacefully

Art

Emotion

Privacy

Sustainability
New era – factors of change

New world

- Litigation / mediatisation
- Tax pressure
- Art as a financial investment

Interests at stake

- Reputation
- Artwork value

Great Wave off Kanagawa, Hokusai
Factors of change

Ryolovlev v. Bouvier

Wildenstein case
The tide of AML / CFT regulation

- **2012 FATF recommendations**: serious tax offence becoming predicate offence to money-laundering

- **2015 UN resolution 2199**: underlining Member States’ obligations to take steps to prevent terrorist groups in Iraq and Syria from benefiting from trade in oil, antiquities and hostages

- **2016 Luxembourg**: all entities operating in the Luxembourg freeport (including e.g. transporters) subject to AML regulation

- **2017 EU Commission supranational risk assessment of money laundering and terrorist financing**: recommendation to include auction houses, art and antiques dealers and specific traders in high-value goods in AML list of obliged entities
Self-regulation and best practices initiatives

- **2012**: Basel Art Trade Guidelines
- **2017**: The Responsible Art Market Initiative
- **2017**: Art Basel Art Market Principles and Best Practices
The Responsible Art Market Initiative

Raising awareness of risks faced by the art industry and providing practical guidance on establishing and implementing responsible practices to address those risks.
What?

What is the Responsible Art Market Initiative?

The Responsible Art Market Initiative (“RAM”) is a cross industry initiative formed in Geneva in 2015. RAM’s members span the entire spectrum of the art market from galleries, dealers, auction houses, advisors and service providers, to lawyers, academics and public prosecutors specialising in art related matters.
Who?

CHRISTIE’S
SGS
PORTS FRANCS
FDA
SEYDOUX & ASSOCIÉS Fine Art
UNIVERSITÉ DE GENÈVE
Jean-Bernard Schmid

Professor Ursula Cassani
Galerie Grand Rue
Advantages

- **Flexibility and speed in developing and adapting**
  - Greater efficiency
  - Lower compliance costs

- **Bespoke**
  - Meet the industry technical requirements

- **Participatory process**
  - Mitigate conflict of interest
  - Increase support

- **Transcend national boundaries**
  - Avoids jurisdictional conflicts
How?

2017

Guidelines on combatting Money Laundering and Terrorist Financing

2018

Art Transaction Due Diligence Toolkit

- Client
- Artwork
- Transaction

Consultation NOW
RAM Art Transaction Due Diligence Toolkit

- The Toolkit comprises the following documents, which you can access below:
  - Due Diligence Checklist
  - Red Flag List
  - Due Diligence Explanatory Notes

Join

http://responsibleartmarket.org/