



LALIVE

THE DISPUTES POWERHOUSE

The veil may be lifting: what the art market needs to know about current upcoming disclosure and other regulatory requirements

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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
- **2017**: Art Basel Art Market Principles and Best Practices
- **2018/2020 5th EU AML Directive**

Switzerland

- **2015**: First national report on risks of money laundering and terrorist financing → **trade of art and freeports**
- **2016**: Dealers covered by AML obligations
 - dealers = physical or moral persons who negotiate goods professionally and receive cash payments
 - > CHF 100'000
 - KYC obligations
- **2021**: Second national report on risks of money laundering and terrorist financing → **no increase / no need for action**

The Responsible Art Market Initiative



<http://responsibleartmarket.org/>

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

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.

Deloitte ArtTactic Art & Finance Report 2021

Art valuation has become an integral part of art wealth service offering

82% of wealth managers with an established art service provision said they offered services around art valuation, up from 67% in 2019. For most (84%) this service is provided by third parties, which suggests that the dialogue and collaboration between traditional art valuation professionals and the wealth management industry have grown over the last two years. This highlights the trends and priorities outlined in previous editions of the Art & Finance report, which called attention to the need for art market professionals and the wealth management industry to be more closely aligned. This now seems to be happening, paving the way for better integration of art-related skills and financial expertise necessary to grow the overall market. It also confirms the recognition of the increasing wealth and monetary value allocated to art and collectibles, as well as the need for proper monitoring.

Art valuation

59% of collectors believe that art valuation would be a relevant service for wealth managers to offer, compared with 73% in 2019. However, this belief was significantly higher among art professionals, where 82% said this was the most important service for their clients, compared with 87% in 2019. Of the wealth managers with an existing art and collectibles offering, 82% said they provided services around art valuation, up from 67% in 2019. Most (84%) wealth managers said this service was provided by external, third-party providers, demonstrating once again the increasing engagement between the wealth management industry and art market professionals.

Deloitte ArtTactic Art & Finance Report 2021

- Highlights risk management & regulation
 - More government regulation may be required
 - Most wealth managers and art market stakeholders see transparency and regulation increasing in the art market in the next five years
 - Transparency is the key to unlocking future growth in the art and finance industry and the art market as a whole
 - New transparency requirement for offshore entities
 - Money laundering remains a key concern despite new regulations
 - Building trust in art market data paramount for further development of the art and finance industry going forward (i.e. for wealth managers)

Risks for appraisers and advisors



Duty of appraisers / advisor

- Depends on the applicable law
- Generally:
 - Common sense
 - Responsible practices → RAM
 - Fiduciary duties, good faith, etc.



Freeports



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