



ICORATING

July 5, 2018

CODEX PROTOCOL

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1. Rating report

Based on the analysis performed and issues identified we rate the Codex Protocol as “Stable”.

- Codex is aiming to create an open community for the art and collectibles (A&C) industry that governs a decentralized system and contributes to improvements.
- The Codex platform could lead to an increase in transparency within the project’s market, leading to higher liquidity for A&C assets, as sellers and buyers could spend less time on checking for fraud and thus reach settlements more quickly.
- The project has the following strengths:
 - A well-explained product featuring a verification mechanism
 - An experienced team, strong advisors and notable investors
 - Partnership with A&C industry participants representing more than 5000 auction houses
 - Launched betas of dApps
 - Platform release is expected July 2018
 - No direct competitors
 - The smart contract has been audited by Hosho
- However, the project also has the following significant risks:
 - Demand for the protocol token is not guaranteed
 - Dependence of the platform’s success on the involvement and acceptance of the community and market players
 - Relatively high indirect competition

2. ICO information

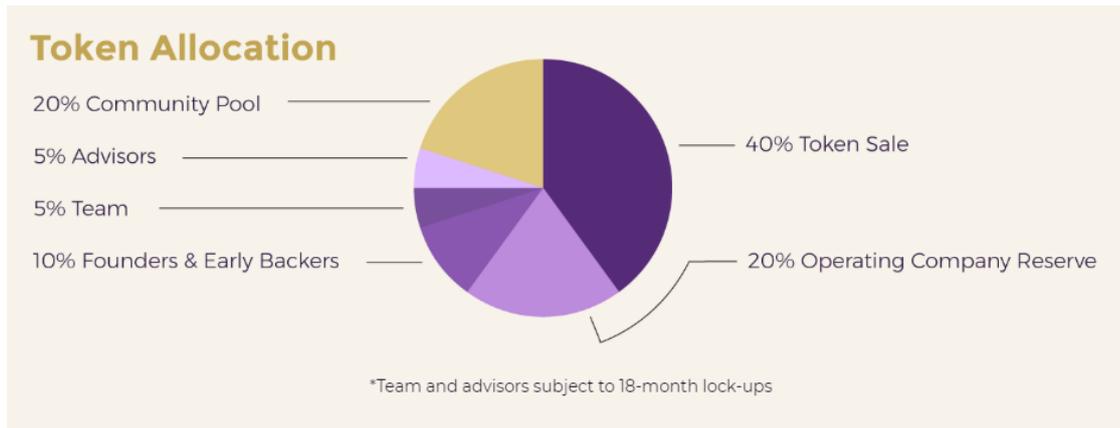
Codex is a decentralized registry for unique assets like art, fine wines, watches and more.

KEY FEATURES

- **Foundation date:** 2017
- **Location:** London, UK
- [Website](#)
- [Whitepaper](#)
- **MVP:** The documentation refers to the Biddable and Codex Viewer dApps
- **GitHub:** The smart contract is available on GitHub and was audited by Hosho
- **Founders:** Mark Lurie, John Forrest and Jess Houlgrave
- **Team:** 10 core team members, including developers and back-office specialists
- **Advisors:** 7 individuals, including experts from well-known auction houses
- **Investors:** Bessemer Venture Partners, FJLabs, Pantera Capital, JCapital (til the mid of July 2018 one more investor is going to show its interest – Jove Capital)
- **Community:** ~10k Telegram, ~2kTwitter, ~100 Facebook, <100 YouTube followers
- [Telegram](#)
- [Twitter](#)
- [Facebook](#)
- [YouTube](#)

	Pre-sale, phase 1	Pre-sale, phase 2	ICO, day 1	ICO, day 2
Status	closed	open	TBA	TBA
Period	March 2018	May 2018	end of July	end of July
Token	CODX			
Type	Ethereum based, ERC-20			
Size	\$ 10,000,000	\$ 10,000,000	\$ 5,000,000	
Total Supply of Tokens	1,000,000,000			
Soft Cap	\$ 15,000,000			
Hard Cap	\$ 25,000,000			
Token Price	\$ 0.043-0.057	\$ 0.057-0.067	\$ 0.067	
Minimum transaction	\$ 50,000	\$200,000	0.05 ETH	
Lock-up	3-9 months	3 months	no lock-up	
Bonus Ratio	~24%	0-15%	no bonus	
Currencies accepted	USD, ETH, BTC		ETH	
Restricted list	United States, China			
Whitelist	Yes, July 2nd - 6th, 2018			

During the crowd sale a total sum of 1 billion (1,000,000,000) CODX tokens will be issued and distributed. Below is the scheme for token distribution:

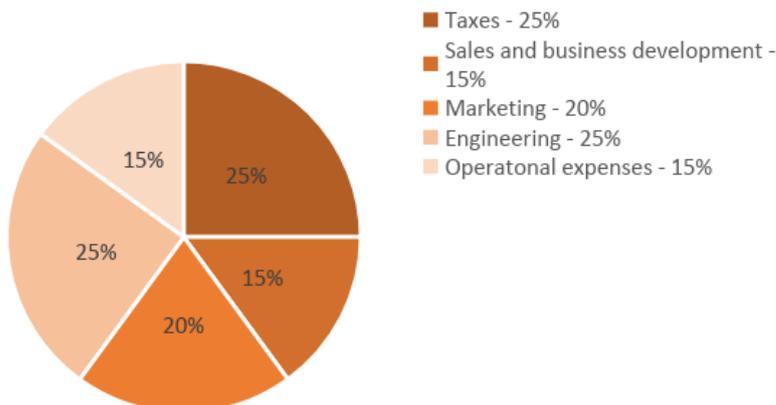


The Community Pool has a lock-up of 48 months and could unlock monthly at the annualized rate of 25% per year.

The crowd sale is taking place in the following stages:

Whitelist Registration	Mainnet Launch	Public Sale Day 1	Public Sale Day 2
July 2-6	July	End of July	End of July
Registration will only be open during these dates. Leave your email on this page to get a reminder when it opens	We intend to launch the Protocol and Codex Viewer app on the Ethereum mainnet prior to public sale	The first day of the public sale is open only to buyers that have whitelisted.	If there is remaining allocation after public sale day 1, the second day will be open to all eligible participants

Raised funds would be used as follows:



If the hard cap is reached, tax expenses could reach \$6 million. The project backups this sum to cover US corporate tax in the worst case scenario.

Codex is backed by partners – a consortium stated to cover more than [5000](#) auction houses with annual sales of \$6 billion. The list of partners includes:

- [Auction Mobility](#) - online auction bidding platform, cooperating with Phillips, Lang's, Dupuis, Wright, Stacks & Bowers, Lauro, Charleston Estate auctions, Hart Davis Hart Wine co, Alex Cooper etc.
- [LiveAuctioneers](#) - online auction bidding platform.
- [Maecenas](#) - art investment blockchain-based platform that democratizes access to Fine Art.
- [Feral Horses](#) - an investment portfolio trading shares in contemporary art by emerging artists.
- [The Clarion List](#) - a directory of art service providers with ratings & reviews.
- [ValueMyStuff](#) - online valuation company.
- [Luxury Asset Capital](#) - lending firm loaning money against personal luxury assets such as watches, diamonds, jewelry, luxury accessories, planes, boats, art and real estate.
- [DUST IDENTITY](#) - provider of a diamond-based secure solution linking physical objects with digital ledgers (no info on the site).
- [Heffel Fine Auction House](#) - a Canadian fine art auction house holding both online and live auctions.

As of the end of June 2018 the following investors have already shown an interest in the protocol:

- [Bessemer Venture Partners](#) - the oldest venture capital firm in the USA, with [\\$4 billion](#) of assets under management. BVP funded the early stages of Pinterest, Skype, Twitch and Periscope and helped build 117 IPOs including LinkedIn, Shopify and Wix.
- [FJLabs](#) - an investment firm with a focus on marketplaces and consumer-facing startups. The firm's portfolio includes the well-known Alibaba and Uber, as well as small technological startups like JobAndTalent, Fanduel, Earnest etc.
- [Pantera Capital](#) - an investment firm and hedge fund focused exclusively on ventures, tokens, and projects related to blockchain tech and digital currency. Pantera's portfolio investments include bitcoin services provider BitPesa, exchange platform Bitstamp and cryptocurrency Ripple.
- [JCapital](#) - an investment firm focused on ventures, tokens and projects related to blockchain tech, digital currency and crypto assets.



SUMMARY: The website and main public communities provide a good overview of the project.

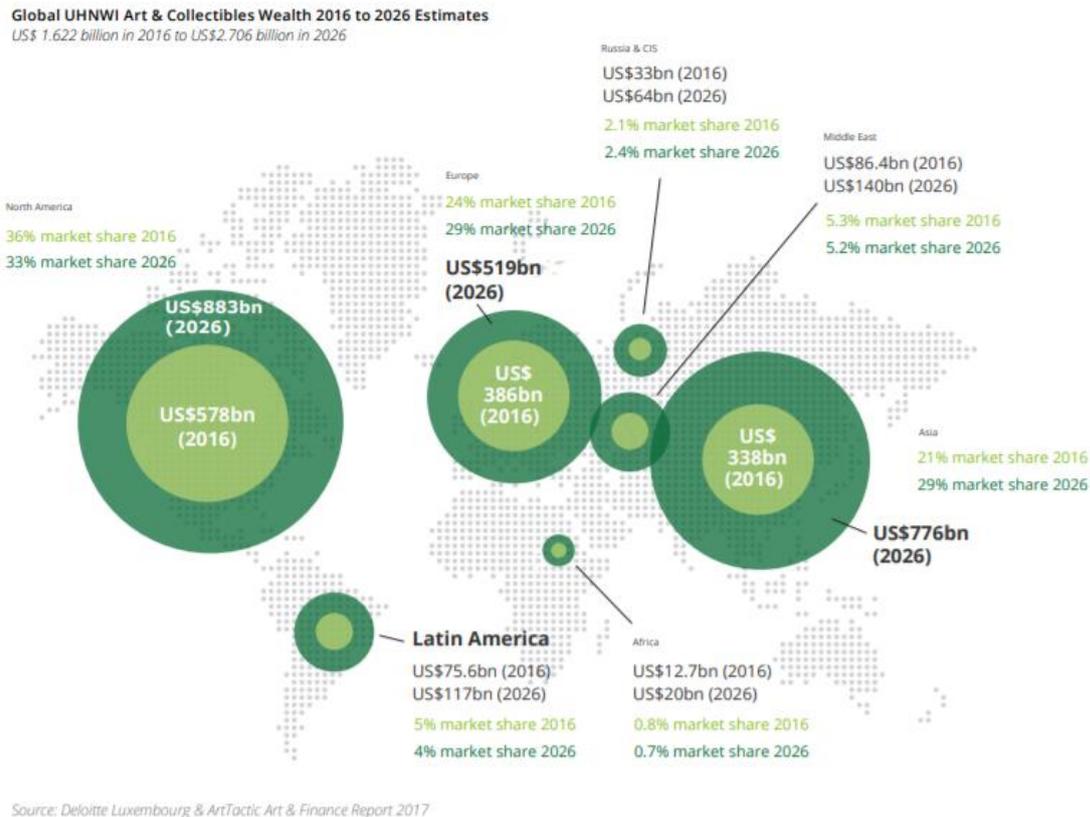
Codex has already launched two applications.

ICO details are not fully disclosed, the date of the ICO was not announced as of the beginning of July. Accepted currencies were changed between the pre-sale and crowd-sale.

The token distribution proportions highlight the role of crowd investors as the main contributors to platform development, whilst the shares for the team and advisors (with lock-up period) is small. There is uncertainty regarding possible tax expenditure; this seems quite high.

3. Project and product analysis

According to Deloitte’s recent research into the arts and collectibles market ([report](#)), the market has grown significantly over the course of the last 10 years: from [\\$1.622 billion](#) in 2016 to \$2.706 billion in 2026.



However, it is very sensitive to a variety of shocks (e.g. political) and risks (e.g. stock and financial markets) in other spheres.

Specifically, the two most recent market downturns in 2009 and in 2016 were caused mainly by the financial crisis (2009) and a lack of confidence due to political instability (2016). Nevertheless, the market always recovers from such shocks and continues to grow as wealth increases.

For the purposes of analysis of the macro-level factors affecting Codex, a modified PESTEL framework will be used. The PESTEL framework analyzes political, economic, social, technological, environmental and legal factors. As far as blockchain projects are concerned, environmental and social factors are usually not applicable or have a relatively small impact.

Political – the arts and collectibles market is free from political risks as such, however, political instability and lack of confidence associated with it are squeezing the market.

Economic – according to the Deloitte report, average wealth is continuing to grow, meaning increasing interest in luxury consumption in general and the arts and collectibles market in particular.

Technological factors – the development of high-tech now enables purchase of arts and collectibles online as straightforwardly as a hand-to-hand transaction.

Legal – The art industry has a high volume of [illegal](#) or otherwise suspicious transactions. Transfer of ownership is linked with participants’ unwillingness to disclose their data and uncertainty of asset provenance.

COMPETITIVE LANDSCAPE

We will use Porter’s Five Forces framework to perform an initial competition assessment for the Codex project.

Threat of new entrants – Medium/Low

Threat of new entrants is relatively low, though possible, as the arts and collectibles market is a niche market.

Threat of substitutes – Medium

Threat of substitutes is medium. At the time of the analysis there are no direct competitors, but as the product/service itself is not unique or highly complex, there is always a possibility that new players will enter the market.

Bargaining power of customers – Medium

The key factor for a platform like Codex is its popularity with users as well as successful partnerships with key market players such as auction houses.

Bargaining power of suppliers – Low/Medium

There are labor (developers), experts and appraisers, auction houses, galleries and collectors (and maybe node holders) on the supply side for the Codex project; the bargaining power of suppliers can be assessed as relatively low, given the value that the project provides.

Industry rivalry - Medium

As of June 2018, Codex has some indirect competitors in the blockchain market. Please refer to the summary table below:

	Codex	Verisart	Fresco	ViValid
Project type	Protocol/platform for dApps	Blockchain-based art and collectibles	Blockchain-based art provenance	Blockchain-based platform for valuation of high-

		certification platform	platform	worth items
Ticker	CODX	n/a	FRES	VIV
Key functions / features	dApps, smart contracts, appraisers/specialists	Mobile app addressing the requirements of museums and galleries	Airdrop for selected users, art value measurement system and digital asset offering system	Accepts fiat, mobile apps, expands beyond arts & collectibles market
Key users	Collectors, auction houses, appraisers, artists	Artists, galleries, auction houses	Artists, collectors, galleries, dealers	Specialists, buyers, sellers
Consensus	Ethereum-based (PoW)	n/a	Ethereum-based (PoW)	Own protocol, PoV (proof-of-validation)
Development stage	Testnet launched	Launched	Unknown	Alpha
ICO status	Upcoming	n/a	Cancelled, airdrop	Upcoming
Funds raised during ICO/ hardcap	- / USD 25 million	n/a	n/a	- / USD 28.8 million
ICO valuation ¹	USD 62.5 million	n/a	n/a	USD 41.1 million
Market capitalization	n/a	n/a	n/a	n/a
Product launch	July 2018 (mainnet)	n/a	No roadmap	Q4 2020 – Q1 2021

¹ 100% of tokens at ICO price

The Codex protocol does not have direct blockchain competitors as of June 2018; however, indirect competitors offer some of the features covered by Codex. The main competitive advantage of the Codex project as compared to its competitors is that it offers a platform for dApps targeting the arts and collectibles market, and provides extensive features. Moreover, the Codex mainnet is likely to be launched much earlier than that of competitors, which gives the Codex team significant initiative potential in terms of market penetration and for further improvement of the product.

Summary: Despite its sensitivity to economic and political factors, the market looks promising and offers new opportunities for vendors, buyers and intermediaries.

The protocol seems competitive and lacks any direct decentralized competitors. The main advantages of Codex are its launched dApps and the fact that it is ahead of any competition in terms of development.

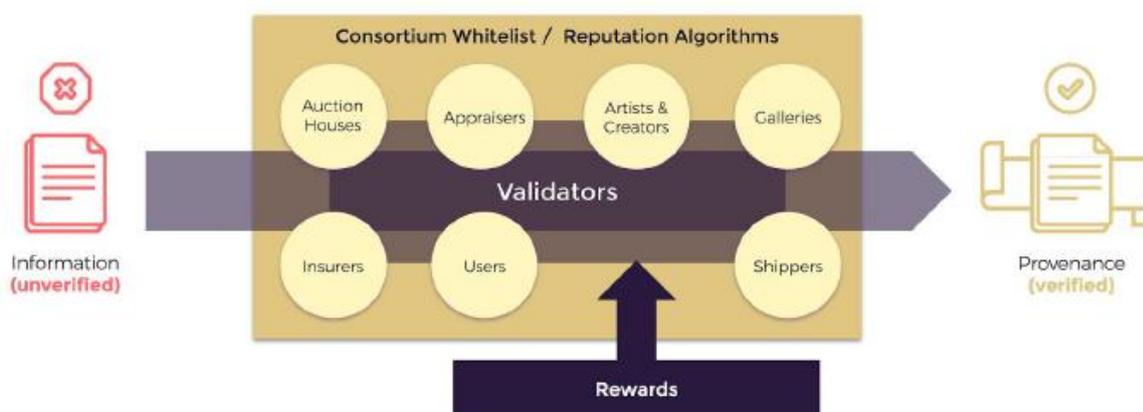
4. Description of services & their applicability

The protocol will be implemented in a wide range of spheres such as luxury goods, agricultural, industrial and commercial equipment, emerging digital assets such as in-game items, with a primary focus on the art and collectibles asset class.

As a decentralized registry, Codex will securely store provenance information (the identity and chain of ownership) by recording, verifying and securely storing important information on each item.

Codex uses this authentic application of blockchain to bring A&C to a new level. Storing information about asset provenance and other relevant documentation on blockchain allows for greater transparency and more precise valuations for assets in the network. Certified validators like auction houses, dealers, gallerists and appraisers will verify the authenticity of assets, just like they do offline, but in Codex they will be rewarded with Codex's native tokens instead of regular fees. Through this mechanism, all parties involved may be sure that they are not selling fakes.

The authentication mechanism will operate as follows:



Increased transparency will lead to higher liquidity for A&C assets, as sellers and buyers will spend less time on checking for fraud and can reach settlement faster.

Moreover, authenticity will be guaranteed through establishing secure links between a real asset and its digital representation through the implementation of existing innovations in this sphere, like RFID tags or synthetic DNA.

On top of this network, Codex aims to build dApps to facilitate a better user experience. Owners will be able to check the provenances of their assets and control information

exposure during sales, whilst buyers will be able to guarantee the originality of items purchased.

At the time of the review two initial applications have been developed by the Codex team:

- **Codex Viewer** – a dApp to create, modify and manage records on the Codex Protocol.
- Privacy and visibility options are set by each record-holder.
- Data are stored off-chain.
- A [Beta version](#) is available for the community.
- **Biddable** - a dApp that integrates into auction software and enables holders of cryptocurrency to register, bid and buy at auctions.
- Cryptocurrency deposit escrow enabling bidders to prove their intention to pay while maintaining privacy.
- CodexCoin and other cryptocurrency (such as ETH) are accepted as deposits.
- Deposits will be returned if a bidder does not win. They are locked until an item is paid for with cryptocurrencies or fiat in the case of a win.
- Transaction fees are charged in CodexCoin.

The proposed Codex ecosystem architecture has the following structure:



* An application from Codex Labs, Inc

Ownership and other metadata, like the transmission history of the item, storage facility environmental controls etc., would be recorded on the Codex record.

Critical data such as owner, token ID and events emitted regarding tokens are stored directly on the blockchain. Other metadata such as descriptions, images and item history could be stored locally, via IPFS, or with other providers. Additionally, the protocol hashes the off-chain metadata for each token and stores it on blockchain to verify the authenticity of off-chain metadata.

Using a Codex record, any participant could track the provenance of an item (identity of previous owners could remain private). The consortium has agreed to instantiate Codex records for any items they sell.

If a Codex record is lost, an owner can start a new provenance by uploading information and rewarding a validator for verifying and attesting that this item is an extension of the old one.

SUMMARY: The overall goal of the project is to cover a wide range of assets that relate to very different industries (from agricultural equipment to luxury goods and digital assets) each of which require specific knowledge.

At the initial stage the protocol is focusing its efforts on the art and collectables (A&C) market, currently valued at \$1.6 trillion globally.

The project’s ecosystem is well described and confirmed by the involvement of partners. The protocol has already launched two dApps, confirming development activity.

The protocol offers transparency and more precise valuations, with rewards for loyal users.

Roadmap

The roadmap discloses the main milestones for the Protocol, describing development activities related to each phase.

Codex Roadmap 2018				
Goal	A	B		Events
Jan	Pre-Launch	Launch	Post-Launch	
Feb				
Mar				
Apr				
May				Testnet
Jun				
July				Mainnet & Token Generation Event
Beyond				

PHASE 1 – PRE-LAUNCH (COMPLETED)

- Technical development of Codex Protocol, Biddable and Codex Viewer dApps.
- Integration of Biddable into the software and technology providers within the consortium.
- Recruitment and engagement of third-party application developers.

PHASE 2 – LAUNCH (JULY 2018)

- Marketing campaign to educate and build awareness among bidders (cryptoholders, fiat bidders etc.)
- Release of Codex Protocol on mainnet, and distribution of CodexCoins.

PHASE 2 – POST-LAUNCH

- Expansion of consortium, development of new applications, new use cases occur.
- Close work with core partners in the art ecosystem.
- **SUMMARY:** The roadmap looks quite realistic in terms of platform development; dApps have been launched and the mechanics of the ecosystem were tested. However, it should be noted that further development for the project with respect to the team and token economy is not detailed, due to legal reasons.

5. Analysis of the token's behavior on the secondary market

- The Codex platform is based on Ethereum.
- The core element of the system is the CodexCoin token, used as follows:
 - **Access and pay fees** to create, amend and transfer records on the registry
 - **Reward** auction houses and appraisers for partnerships and vouching for assets
 - **Reward** stakeholders based on the amount staked and time the stake is active, in the form of a discount
 - **Penalize** participants for inappropriate behavior, like spamming the network, false information etc.
 - **Transfer** of governance to end-users, based on an on-chain voting scheme for most participants
 - **Enforce** requirement of stake by validators (e.g. auction houses) and applications in the form of a deposit

- CodexCoin is considered as a critical element enabling the decentralization of governance as a measure of a stake for voting.
- It is assumed that deposits could be made in ETH and that applications could charge fees in fiat or ETH, while invisibly converting to CodexCoin to pay protocol fee.

Summary: The whitepaper provides a good description of how CodexCoin could be used. At the same time Codex will create an open community based on the Ethereum platform, where ETH seems to be a more convenient means of payment. There is also uncertainty over whether the art community would accept a new token.

Technical review

The protocol consists of the following elements:

- **Codex Registry:** ERC-721 smart contract
- **CodexCoin:** ERC-20 utility token
- **Staking contract:** Stake tokens to receive a discount on token fees
- **Proxy contract:** Base for the core contracts. The Codex Registry will be accessed through DELEGATECALL. This is a proxy contract to ensure that core contracts can be upgraded in the event of an emergency or for future functionality upgrades.

As of the end of June, the smart contracts are available in a beta version; future changes are possible.

- [contract.codex-coin](#) – ERC-20 smart contract with basic functionality.
- [service.eel](#) – reviews each block and checks events related to the Codex. Code is presented, available for beta version.
- [contract.codex-registry](#) – with this smart contract it is possible to register tokens for an asset. Only CODX tokens may be registered. Tested with Truffle.
- [web.codex-viewer](#) – front end of the concept. Talks to the back-end (service.codex-registry-api) and the smart contracts (contract.codex-registry). Currently deployed at <https://beta.codex-viewer.com>.
- <https://github.com/codex-protocol/service.codex-registry-api> - back-end for Codex Viewer. Talks to the events indexed by service.eel.

The mechanics of the ecosystem are being tested on the [Rinkeby](#) test network in a public beta. Rinkeby is a proof-of-authority blockchain enabling developers and the community to 'kick the tires' before real assets are involved.

The smart contracts are in the process of being audited by [Hosho](#), professional smart contract auditors and specialists.

As of June 27th, there is a bounty program for the smart contracts.

SUMMARY: Codex Protocol enables users to create ERC-721 tokens, called Codex Records, of real-world assets in a decentralized asset registry. Users can spend CodexCoin (CODX) to

create, update, and transfer Codex Records. Users can also stake tokens via an ERC-900 compliant staking contract to receive discounts on the protocol. As of June 2018, the system is fully deployed to the Rinkeby network at <https://beta.codex-viewer.com>.

Token price factor analysis

As a full description of the project is released, all the factors listed below may be re-evaluated:

Factor	Description	Price effect
<i>Demand for the platform</i>	The art & collectibles industry has a high volume of illegal and suspicious transactions due to a lack of disclosure of personal information. Participants could prefer to use the current system.	Bullish / Bearish
<i>Token distribution</i>	The distribution proposal has shares of founders, team and advisors at 20%, which are vested over 18 months, and a share for a community pool of 20%, with a lock-up for 48 months. However, there is a significant share for reserves - 20%. If the reserves are released too quickly, the token price may go down.	Bearish
<i>Limited supply</i>	Limited amount of tokens available suggests that if the demand for the platform grows, the token price may go up.	Bullish
<i>Volatility of crypto market</i>	Tokens would be used as an internal payment mechanism, therefore due to the high volatility in the crypto market, the token price could fluctuate or even be subject to speculative activities (pump and dump etc.)	Bullish / Bearish

SUMMARY: The token price analysis has highlighted potential risks for token price stability. It should be noted that these factors are mostly connected with token distribution and demand for the protocol token.

6. Team

Mark Lurie

Position	CEO & Co-founder
Total experience	10+ years
Relevant experience	Yes (A&C and digital)
Professional achievements	Founded Lofty.com; Former investor in vc FJLabs and Bessemer Venture Partners
LinkedIn	Yes
Affiliation with project	Yes
Connections	500+
Endorsements / Recommendations	No

Jess Houlgrave

Position	COO & Co-founder
Total experience	10+ years
Relevant experience	Yes (A&C and digital)
Professional achievements	Responsible for billion dollar transactions at large Canadian pension fund; Former Credit Suisse employee
LinkedIn	Yes
Affiliation with project	Yes
Connections	500+
Endorsements / Recommendations	No

John Forrest

Position	CTO & Co-founder
Total experience	5+ years
Relevant experience	Yes (digital)
Professional achievements	Former Senior Software engineer at Microsoft; Departmental Award for Computer Science, Kent Fuka Undergraduate Research Award 2011, Kent Fuka Undergraduate Research Award 2010.
LinkedIn	Yes
Affiliation with project	Yes
Connections	500+
Endorsements / Recommendations	Yes

Dan Grachann

Position	Head of Product
Total experience	10+ years
Relevant experience	Yes (product mang.)
Professional achievements	Former Google Sr. PM, Rchain Director of PMM, US Army Captain
LinkedIn	Yes
Affiliation with project	Yes

Connections 500+

**Endorsements /
Recommendations** No

Colin Wood

Position Senior Software Engineer

Total experience 5+ years

**Relevant
experience** Yes (dev.)

**Professional
achievements** Full stack developer with 10 years of experience building Yesdynamic web applications

LinkedIn Yes

**Affiliation with
project** Yes

Connections 201

**Endorsements /
Recommendations** Yes

Shawn Price

Position Senior Product Engineer

Total experience 10+ years

**Relevant
experience** Yes (dev.)

**Professional
achievements** Former full stack developer at Reelhouse

LinkedIn Yes

**Affiliation with
project** Yes

Connections 186



**Endorsements /
Recommendations** No

Andreas Becker

Position Business Development

Total experience 5+ years

Relevant experience No

Professional achievements Business Development at BrightFunnel;
Marketing/Public Relations at Conversant

LinkedIn Yes

Affiliation with project Yes

Connections 500+

**Endorsements /
Recommendations** Yes

Sebastian Tory-Pratt

Position Design Lead

Total experience 5+ years

Relevant experience Yes (design)

Professional achievements 7 years experience on 3 continents. Guest lecturer on design at NSCAD University, Dalhousie University and McGill University. BDes Interdisciplinary design, NSCAD U. BDes Interdisciplinary design, NSCAD U. Startplatz Scholarship recipient and 3rd place Volta Labs Hackathon

LinkedIn Yes

Affiliation with project Yes

Connections 500+

**Endorsements /
Recommendations** No

Adrienne Burke-Moran

Position Content & Community

Total experience 5+ years

**Relevant
experience** Yes (marketing)

**Professional
achievements** Former employee at Tamr (backed by Google, NEA), hack/reduce, HP-Vertica, and Viridity (acquired by Schneider Electric).

LinkedIn Yes

**Affiliation with
project** Yes

Connections 500+

**Endorsements /
Recommendations** Yes

Corinne Moshy

Position Events Manager

Total experience 0+ years

**Relevant
experience** Yes (A&C and blockchain)

**Professional
achievements** Researched new business models and strategies for adopting blockchain technology in the arts at Sotheby's Institute of Art, London

LinkedIn Yes

Affiliation with Yes

project

Connections	345
Endorsements / Recommendations	No

Advisors**Joey Krug**

Position	Crypto & Technology Advisor
Total experience	4+ years
Relevant experience	Yes (crypto)
Professional achievements	Co-Chief Investment Officer at Pantera Capital & Cofounder of Augur; Advisor of Numerai, Urbit, 0x, Bloom, and doc.ai.
LinkedIn	Yes
Affiliation with project	Yes
Connections	500+
Endorsements / Recommendations	Yes

Nader Al-Naji

Position	Crypto & Technology Advisor
Total experience	6+ years
Relevant	Yes (crypto)

experience

Professional achievements Cofounder & CEO of Basecoin;

LinkedIn Yes

Affiliation with project Yes

Connections 500+

Endorsements / Recommendations Yes

Dr. Abe Othman

Position Crypto & Technology Advisor

Total experience N/A

Relevant experience Yes (crypto)

Professional achievements Advisor of Augur and Stox; Was named Forbes 30 under 30;

LinkedIn No

Affiliation with project N/A

Connections N/A

Endorsements / Recommendations N/A

Brook Hazelton

Position A&C Advisor

Total experience 20+ years

Relevant experience Yes (A&C)

Professional achievements	Christie's President of the Americas; Former CEO of Phillips de Pury & Co.
LinkedIn	Yes
Affiliation with project	Yes
Connections	500+
Endorsements / Recommendations	N/A

Sarah Shinn Pratt

Position	A&C Advisor
Total experience	N/A
Relevant experience	Yes (A&C)
Professional achievements	For 13 yeears ws an auctioneer at Sotheby's; former Director of Appraisals for the Americas
LinkedIn	Yes
Affiliation with project	Yes
Connections	500+
Endorsements / Recommendations	N/A

Fabrice Grinda

Position	Consumer internet Advisor
Total experience	20+ years
Relevant experience	Yes (internet)
Professional achievements	Founder of FJLabs.com; founder and CEO of OLX; has over \$300m in exits and 300+ angel investments

LinkedIn	Yes
Affiliation with project	Yes
Connections	500+
Endorsements / Recommendations	Yes

David Wachsman

Position	Advisor
Total experience	5+ years
Relevant experience	Yes (crypto)
Professional achievements	CEO at Wachsman - blockchain services firm.
LinkedIn	Yes
Affiliation with project	N/A
Connections	500+
Endorsements / Recommendations	N/A

Summary: The team features personnel experienced in the A&C field, including those with former experience working with the project's investors, members with blockchain expertise as well as back-office specialists. As the project is open for new solutions from protocol participants, active hiring is not currently required.

The advisors include highly-experienced professionals, including investors and specialists from partner companies.

7. Investment risk analysis

Based on the analysis performed, the following risks are identified:

Risk	Description	Level
Commercial risks	There are some indirect competitors on the decentralized market which are offering solutions, but they are either offering less features or focusing on a different target niche. Some competitors will be releasing their products much later than Codex. We believe that Codex and its competitors could coexist if the project's marketing is performed correctly.	Medium
Market risks	The arts and collectibles market is relatively conservative, and it is unclear how successful the adoption of blockchain solution will be and within what timeframe. We note that the team has managed to establish partnerships with many market players, which is promising. Nevertheless, the established partnerships represent less than 1% of the A&C market (\$6 billion vs \$1,622 billion) and cannot guarantee future success.	Medium
Roadmap	The roadmap does not cover future development of the protocol in much detail due to legal reasons. However dApps have been developed and released, showing good potential for the team.	Medium
Use of proceeds is not clear	According to the team, 25% of funds raised during the ICO will be spent on taxes, which may amount to USD 6 million, and another 25% will be spent on engineering. Given that the platform is supposed to be launched in July 2018, this amount seems to be overestimated.	Medium
Decrease in token price	The project assumes payments in both ETH and fiat within the ecosystem. Also, the Community Pool and Reserves together account for almost half the tokens. If the protocol is not widely adopted/accepted by the community, these parties could impact on the token price.	Medium/ Low
Legal risks	Provenance and transfer of ownership are very important concerns nowadays, and legal implications differ from country to country. However, blockchain is probably the best solution when it comes to data transparency.	Low
Smart Contract	The smart contract is available on GitHub in a beta version. There are several items on the project's 'to do' list, and future changes are possible.	Low

The information contained in the document is for informational purposes only. The views expressed in this document are solely personal stance of the ICOrating Team, based on data from open access and information that developers provided to the team through Skype, email or other means of communication.

Our goal is to increase the transparency and reliability of the young ICO market and to minimize the risk of fraud.

We appreciate feedback with constructive comments, suggestions and ideas on how to make the analysis more comprehensive and informative.