



Generated: 1.8.2026, 17.48.39

Assessment input: Mostly complete

Supporting evidence: Preliminary

Regulatory coverage: General (no verified local references) · unverified

Case design stage: Structured Concept

Tokenization Value-Add Calculator

Deep Assessment Report

A case-specific assessment report for tokenization viability and value creation.

Design-stage interpretation:

This assessment is based on a partially defined design. The case is sufficiently clear for a meaningful case-specific evaluation, but several structural choices remain open.

Open design areas: offering / disclosure route; Investor demand or distribution commitment remains unproven; Underlying asset valuation or appraisal requires updating

TVAC evaluates whether tokenizing a specific asset / structure creates net added value, using the five-factor model:

$$\text{Added Value} = (\text{New Opportunities (NO)} + \text{Cost Savings (CS)} + \text{Risk Reduction (RR)}) - (\text{Tokenization Costs (TC)} + \text{New Risks (NR)})$$

This report analyzes the following case as described below by the TVAC user:

We plan to acquire a portfolio of fine art pieces and offer fractional ownership to a global retail audience through NFTs. Marketing would be conducted via social media campaigns, and participation would be open to anyone able to connect a self-custody wallet. The legal structure is not fully defined. Tokens may represent a mixture of contractual claims, informal profit-sharing promises, and membership rights tied to an offshore holding entity. We do not intend to publish a prospectus or formal disclosure document and prefer minimal onboarding friction....

Full verbatim case text is included in Appendix D at the end of this report.

This document is generated using the TVAC (Tokenization Value-Add Calculator) methodology and provides methodology-based informational analysis and decision-support only. It is not legal, regulatory, financial, investment, or tax advice.

Outputs are based on user inputs, stated assumptions, and a fixed evaluation methodology, and do not guarantee accuracy, completeness, regulatory approval, commercial success, investment merit, credit quality, yield realism, issuer quality, or suitability for implementation. TVAC must not be relied upon as the sole basis for any structuring, issuance, investment, or implementation decision, and TVAC outputs must not be presented as investment approval, credit rating, yield validation, issuer endorsement, regulatory approval, due diligence report, or investor recommendation. Independent advice from qualified professionals in the relevant jurisdictions should always be obtained before acting.

Table of Contents

- 1. Executive summary
 - 1.1 What is different about this case
- 2. Asset class & market context
- 3. Analysis result
 - 3.1 Key assumptions & caveats
 - 3.2 Value pathways
 - 3.3 Investor segmentation
 - 3.4 Operational costs
 - 3.5 Regulatory path
 - 3.6 Custody & venue fit
 - 3.7 Settlement & Cash-Leg Readiness
 - 3.8 Risk register
- 4. Stakeholder added value
 - 4.1 Stakeholder added value scores
 - 4.2 Asset owner / Issuer (sponsor, manager)
 - 4.3 Investor
 - 4.4 Infrastructure providers
 - 4.5 Who bears the costs and risks?
- 5. Factor breakdown – detailed explanation
- 6. Risk heatmap
- 7. Recommendations & next steps
 - 7.1 Design priorities and decision gates
 - 7.1.1 Treat Distribution and Liquidity as a Design Requirement, Not an Assumption
 - 7.1.2 Simplify Jurisdictional and Investor Scope in the Initial Phase
 - 7.1.3 Rebalance Cost and Risk Allocation Away from the Asset Owner
 - 7.1.4 Redesign implication under current structure
- Appendix A – Method & interpretation
 - A.1 How to read this report
 - A.2 Decision integrity & interpretation
 - A.3 Minimum evidence checklist
 - A.4 Sensitivity & decision levers
 - A.5 How we compute Added Value
 - A.6 Evidence, provenance & regulatory source register
- Appendix B – TVAC Provider Directory (illustrative)
- Appendix C – Glossary & abbreviations
- Appendix D – Full verbatim case text
- Appendix E – Disclaimer

1. Executive summary

Headline: Under the current structure, this case should not proceed. The assessment lands at Non-viable with an estimated Net Added Value of -16.00 (Plus: 4.00 · Minus: 20.00).

Important interpretation note: This verdict concerns tokenization added value only. A Viable or Conditional Go verdict does not mean that the underlying asset is a good investment, that projected returns are realistic, that credit risk is acceptable, or that the instrument is suitable for any investor.

Case design stage: Structured Concept

This assessment is based on a partially defined design. The case is sufficiently clear for a meaningful case-specific evaluation, but several structural choices remain open.

Open design areas: offering / disclosure route; Investor demand or distribution commitment remains unproven; Underlying asset valuation or appraisal requires updating

- **Key findings:** Any upside is concentrated in new opportunities and cost savings. Across New Opportunities, Cost Savings and Risk Reduction, the combined Plus score is 4.00, but that is not strong enough to offset the current downside profile.
- **Key constraints:** The case is weighed down primarily by tokenization costs and new risks, totalling 20.00. A case-specific blocker is already present: Retail scope combined with current complexity/risk profile is not viable without a strong compliance + distribution plan.
- **Decision posture:** Do not move into implementation or distribution under the current concept. Reconsider only after material redesign of rights mapping, investor scope, compliance controls, custody/settlement design, or other core structural assumptions. One key stop threshold already visible in this case is: If legal enforceability / rights mapping cannot be made explicit and enforceable, stop or re-structure
- **Impact:** Incremental optimisation is unlikely to change the outcome on its own. The current upside is too weak to absorb the legal, compliance, structuring, and operating burdens implied by the design as described.

1.1 What is different about this case

What is different about this case is that several weak design choices reinforce each other rather than standing alone. Ambiguous rights, retail-facing scope, self-custody, and DEX-style liquidity do not create separate manageable issues; together they create a structurally fragile model with weak investor protection and no validated compliance pathway under the current design.

Note on omitted sections: Scenario, what-if, and roadmap sections are intentionally omitted for Non-viable cases, because they assume a realistic basis for progression that is not present under the current design.

2. Asset class & market context

This section provides case-derived structural context for the user-described sole record tokenization structure in General (no verified local references). It uses the user-supplied design and the TVAC methodology; it does not introduce unverified claims about current adoption, market volumes, prevailing local structures or market maturity.

The relevant comparison is whether the proposed tokenized structure improves the stated conventional process or financing structure after added implementation cost, operating complexity and new risks are taken into account.

Verified external market data can deepen this section where activated profile claims are available. Until then, current market size, adoption and prevailing local practice remain outside the assessed evidence base.

Current market phase: Case-derived structural context only; external market maturity is not assessed from verified market sources for this case.

Key structural weaknesses & frictions:

- The multi-jurisdiction sale scope increases the need to separate common design logic from local distribution, investor-category, marketing and transfer requirements.
- Any claimed settlement or automation benefit remains dependent on a workable cash leg, finality, exception handling and reconciliation across the selected infrastructure.

No live market data or unverified model memory was used for this market-context section. Where no verified market source is activated, current adoption, prevailing practice and market phase remain unassessed.

3. Analysis result

TOKENIZATION VALUE VERDICT

Non-viable

Added Value: -16.00 | Plus: 4.00 | Minus: 20.00

Verdict rationale:

This case is assessed as Non-viable because the current structure produces an Added Value of -16.00: the strongest supportive driver is New Opportunities (3/10), while the main friction is Tokenization Costs (10/10). Fractional NFTs may widen symbolic access to a fine-art portfolio relative to direct whole-piece ownership. A Cayman issuance paired with sales into the United States, United Kingdom, EU and Singapore creates a structurally heavy scoping and operating burden even before case-specific legal conclusions are reached. New Risks is also material: The user explicitly identifies unclear investor protection, cross-border securities-law exposure, provenance challenges, valuation disputes, market manipulation and regulatory enforcement uncertainty. This rationale concerns tokenization added value only and does not validate legal, regulatory, tax, financial, investment, credit, yield, issuer, or implementation suitability.

Scope reminder: the verdict concerns tokenization added value only; the full interpretation and yield boundaries are stated in the Executive Summary.

Factor score profile

Factor	Score	Case-specific driver
New Opportunities	3/10	Fractional NFTs may widen symbolic access to a fine-art portfolio relative to direct whole-piece ownership.
Cost Savings	1/10	Self-custody and on-chain transfer may reduce some transfer-processing friction at the token layer.
Risk Reduction	0/10	The stated T+0 atomic model could reduce timing mismatches at the token-transfer layer if the cash leg and rights records were robustly linked.
Tokenization Costs	10/10	A Cayman issuance paired with sales into the United States, United Kingdom, EU and Singapore creates a structurally heavy scoping and operating burden even before case-specific legal conclusions are reached.
New Risks	10/10	The user explicitly identifies unclear investor protection, cross-border securities-law exposure, provenance challenges, valuation disputes, market manipulation and regulatory enforcement uncertainty.

Added Value: -16.00 (plus 4.00 / minus 20.00)

Interpretation note: Scores are calibrated judgments, not measurements; treat as directional. Different evaluators could reasonably vary by $\pm 1-2$ points.

Decision gates to verify:

These gates are not implementation instructions. They mark conditions that should be independently validated before any build-out, issuance, distribution, or investment-related decision.

- STOP: If legal enforceability / rights mapping cannot be made explicit and enforceable, stop or re-structure.
- STOP: If the project depends on near-term transferability or secondary liquidity, and no legally permitted, operationally defined transfer process with committed participants is available, stop or revert to a conventional structure.

- **STOP:** If settlement/cash-leg cannot be operationalized for the target investors, re-scope investor base or settlement design.
- **STOP:** If the distribution and compliance plan cannot support the chosen investor scope, re-scope to an investor segment supported by the independently confirmed offering pathway.

Hard blockers and gating issues:

These items are case-specific gating issues that can change the verdict if left unresolved. They should be independently validated before committing to implementation, issuance, distribution, or investment-related decisions.

- Retail scope combined with current complexity/risk profile is not viable without a strong compliance + distribution plan.

Assessment input: Mostly complete

All required TVAC input sections were completed sufficiently for this assessment. This indicates form completion only; it does not mean that the case is fully specified, independently validated or supported by evidence.

Supporting evidence: Preliminary

This status indicates how far the central legal, commercial, provider and operational assumptions are supported by evidence described by the user. Supporting evidence is not required for an initial TVAC assessment.

Any supporting evidence mentioned in the case description is treated as user-reported and has not been independently reviewed or verified by TVAC.

Highest-priority evidence gaps:

- No verified jurisdiction-specific claim or approved local baseline is available; local regulatory application remains unresolved.
- Obtain written jurisdiction-specific legal analysis of classification, offering pathway, rights mapping and transfer controls.
- Document and validate the relationship between the token, legal title or contractual rights, custody and storage, insurance, provenance, valuation or appraisal, and the allocation of sale or distribution proceeds.

Regulatory coverage: General (no verified local references) · unverified

This report uses approved baseline context and any activated versioned claims. No verified case-specific jurisdictional claim is activated unless explicitly shown below; final local application remains unresolved and requires qualified local verification.

Claim IDs, source versions and validation questions are documented in Appendix A.6.

Open questions / missing details:

- Offering disclosure / documentation (prospectus / memorandum etc.)
- Investor demand or distribution commitment remains unproven
- Underlying asset valuation or appraisal requires updating

3.1 Key assumptions & caveats

- The assessment uses only the case description and structured inputs supplied by the user, the fixed TVAC methodology, activated verified source claims and approved baseline context supplied by TVAC.
- Any user-stated legal or regulatory pathway remains a hypothesis unless it is explicitly attributed to the user or supported by an authorized, source-backed case-specific regulatory implication; broader legal application remains subject to qualified local review.
- Selected custody, registry, venue, settlement, disclosure and investor labels are treated as design inputs and are not automatically mapped to local legal categories or requirements.
- No investor demand, provider commitment, cost quote, legal opinion, implementation status or operational test result is assumed unless it is explicitly stated in the input.
- For DeFi-native or permissionless dynamic features, TVAC assesses the current user-described baseline only. Future adoption, liquidity, composability, incentives, governance, oracle behaviour and protocol integrations remain dynamic and require reassessment when materially changed.

3.2 Value pathways

- The main value hypothesis is broader access: fractional NFTs could let smaller investors obtain exposure to a fine-art portfolio that would otherwise be difficult to access directly.
- A second stated value hypothesis is continuous secondary trading through DEXs with T+0 atomic settlement, intended to create perceived liquidity for a global retail audience.
- A third implied value pathway is digital distribution efficiency, because participation is intended to be open to anyone able to connect a self-custody wallet with minimal onboarding friction.
- These upside pathways are weakened by the user-stated mix of contractual claims, informal profit-sharing promises and membership rights, because the token does not yet map to a single clear economic and legal claim.

3.3 Investor segmentation

- The structured input enables retail investors and disables professional and accredited investor segmentation, so the current design is built around the broadest investor audience.
- That choice maximizes distribution ambition but also heightens the importance of disclosure, marketing discipline, transfer control and complaint handling.
- Because participation is intended to be open to anyone able to connect a self-custody wallet, the current segmentation logic does not show how different jurisdictions or investor categories would be separated operationally.
- For a fine-art portfolio sold across the United States, United Kingdom, EU and Singapore, investor segmentation is a first-order design issue rather than a later compliance detail.

3.4 Operational costs

- No validated conventional-alternative baseline or provider pricing is supplied, so operating-economics claims remain directional only.
- The fine-art model still requires off-chain rights administration, provenance handling, valuation governance and investor communication, none of which are removed merely by minting NFTs.
- If the project were redesigned into a more defensible form, onboarding controls, recordkeeping discipline, transfer controls, disclosure production and venue monitoring could remain material cost categories.
- The cross-border retail scope increases the chance that administrative complexity grows faster than the token layer's modest efficiency benefits.

3.5 Regulatory path

- No approved local baseline is available for General (no verified local references). TVAC therefore provides structured regulatory scoping derived from the stated case without naming or applying unverified local rules.
- Determine the legal and economic character of the token, the underlying asset or claim, the issuer or wrapper and the rights granted to holders; tokenization does not itself determine classification.
- Distinguish capital raising and investor distribution from a closed operational workflow. The relevant offering, marketing, eligibility and disclosure questions depend on what is actually offered, to whom, where and through which communications and intermediaries.
- Map the functions performed by the issuer, platform, onboarding provider, custodian, registry or recordkeeper, transfer operator, venue, payment provider and other service providers. Technology labels do not determine regulated roles.
- Confirm which record is legally authoritative, how transfers become effective, how asset and cash legs reach finality, how exceptions are handled and how rights remain enforceable if a provider or technical component fails.
- For cross-border cases, validate the issuance jurisdiction, every target or sale jurisdiction, investor categories, marketing perimeter, data handling, tax treatment and payment or foreign-exchange implications separately.
- United States: approved baseline scoping context is available for distribution, investor eligibility, marketing, transfer and intermediary-role analysis. It does not determine local applicability or compliance.
- United States – baseline scoping: At scoping level, a token representing debt, equity, fund interests or another investment exposure should be analysed under the U.S. federal securities-law framework. Tokenization does not itself determine the instrument's legal classification.
- United States – baseline scoping: Broker-dealer, alternative trading system, transfer-agent, custody and recordkeeping questions may arise according to the functions actually performed, the instrument classification and the proposed secondary-transfer model. A technology label does not decide those roles.
- United States – baseline scoping: Regulation S is a U.S. framework for specified offshore offers and sales. Its possible relevance depends on the actual offer, sale, investor, communications and distribution facts; the interface label or a non-U.S. sale jurisdiction does not establish compliance.
- United Kingdom: approved baseline scoping context is available for distribution, investor eligibility, marketing, transfer and intermediary-role analysis. It does not determine local applicability or compliance.
- United Kingdom – baseline scoping: Approved baseline context identifies the following potentially relevant frameworks or regimes for scoping in United Kingdom: Financial Services and Markets Act (FSMA); Financial promotion rules / regime; AML regime (UK); UK GDPR / Data protection regime. Their case-specific applicability, current conditions and interaction must be independently confirmed.
- United Kingdom – baseline scoping: Marketing/financial promotions can be a primary constraint; ensure compliant pathways for target audiences.
- United Kingdom – baseline scoping: Token classification and whether it constitutes a regulated investment is central to design feasibility.

- European Union: approved baseline scoping context is available for distribution, investor eligibility, marketing, transfer and intermediary-role analysis. It does not determine local applicability or compliance.
- European Union – baseline scoping: EU scoping should first distinguish a token that is a financial instrument or other regulated financial product from a crypto-asset governed by MiCA. MiCA does not replace the EU financial-services framework for instruments already covered by that framework, and tokenization does not itself determine classification.
- European Union – baseline scoping: Where the token represents a transferable security or another financial instrument, MiFID II, the Prospectus Regulation and related national rules may shape distribution, investor access, intermediary roles and disclosure. The final facts determine which requirements or exemptions are relevant.
- European Union – baseline scoping: The DLT Pilot Regime provides an EU framework for specified DLT market infrastructures, while MiFID II, CSDR and national implementation remain relevant to trading, settlement, custody, recordkeeping and market-infrastructure functions according to the final design.
- Singapore: approved baseline scoping context is available for distribution, investor eligibility, marketing, transfer and intermediary-role analysis. It does not determine local applicability or compliance.
- Singapore – baseline scoping: Approved baseline context identifies the following potentially relevant frameworks or regimes for scoping in Singapore: Securities and Futures Act (high-level reference only); Payment Services Act (high-level reference only). Their case-specific applicability, current conditions and interaction must be independently confirmed.
- Singapore – baseline scoping: Hub jurisdictions may still be constrained primarily by sale jurisdictions and distribution posture.
- Singapore – baseline scoping: Institutional custody expectations and control environment may be central for adoption.

3.6 Custody & venue fit

- Self-custody fits the project's low-friction and crypto-native positioning, but it does not by itself address investor protection, rights evidence or dispute handling for a fine-art exposure.
- A DEX venue aligns with the stated goal of continuous trading, yet the user-stated absence of transfer restrictions makes the venue model a major source of cross-border leakage risk.
- The combination of self-custody, DEX trading and retail access is especially hard to reconcile with an asset whose underlying ownership, valuation and provenance remain off-chain and contested in the input.
- For this case, custody and venue are not neutral implementation details; they are central to whether the token can responsibly represent fine-art exposure at all.

3.7 Settlement & Cash-Leg Readiness

- The cash leg is not assessed as a standalone gate. TVAC evaluates whether the proposed payment and settlement model is proportionate to the value proposition claimed by the case.
- Because this case claims continuous DEX trading and atomic settlement, the cash-leg model matters materially; however, the actual payment asset and cash-handling process are not described.
- As a result, settlement-sensitive upside should be treated cautiously: the token layer may settle quickly, but the economic and legal finality of the full transaction remains unresolved on the current facts.

3.8 Risk register

- **Misaligned incentives / vendor-capture risk** – mitigation: Use stage-gating and milestones (legal opinions + demand validation) before committing; negotiate fee structures with meaningful success-based components; ensure portability/exit clauses if the platform/venue changes strategy. (*impact: 4, likelihood: 3*)
- **Rights and ownership misalignment** – mitigation: Document a single coherent rights package and a clear linkage between token holders, the Cayman entity and the underlying artwork portfolio before launch. (*impact: 5, likelihood: 5*)
- **Cross-border distribution exposure** – mitigation: Obtain independent jurisdiction-specific analysis of the intended sales and marketing model and redesign the perimeter if required. (*impact: 5, likelihood: 5*)
- **Transfer leakage through unrestricted DEX trading** – mitigation: Validate whether transfer controls are required for the intended jurisdictions and align the technical transfer model with the chosen distribution posture. (*impact: 5, likelihood: 4*)
- **Investor loss and support failures under self-custody** – mitigation: Define wallet-security support, incident handling and investor communication processes or reconsider the custody approach. (*impact: 4, likelihood: 4*)
- **Provenance and valuation disputes** – mitigation: Establish documented provenance, valuation governance and dispute-resolution procedures tied to the token-holder rights package. (*impact: 5, likelihood: 4*)
- **Market manipulation and liquidity illusion** – mitigation: Avoid treating open DEX trading as evidence of true liquidity and require monitoring and market-integrity controls appropriate to the final model. (*impact: 4, likelihood: 4*)
- **Tax uncertainty across sale jurisdictions** – mitigation: Obtain cross-border tax scoping for investor inflows, distributions and transfers before relying on broad retail distribution. (*impact: 4, likelihood: 4*)
- **Cash-leg ambiguity** – mitigation: Specify the payment asset, settlement flow and reconciliation logic behind the stated atomic settlement model. (*impact: 4, likelihood: 3*)

4. Stakeholder added value

This chapter translates the deep assessment into a stakeholder view: **who captures the upside, who carries the costs/risks, and what must be agreed** for this tokenization case to work. Stakeholder scores use the same 5-factor Added Value framework as the overall project score.

4.1 Stakeholder added value scores

- **Issuance:** Cayman Islands
- **Sales:** US, UK, EU, Singapore
- **Instrument type:** sole-record
- **Custody:** self-custody
- **Venue:** DEX
- **Liquidity:** continuous
- **Settlement:** T+0 atomic
- **Transfers:** None
- **Investor scope:** retail

- **Tokenization Value Verdict:** Non-viable
- **Overall Added Value:** -16.00 (plus 4.00 – minus 20.00)

Custody, venue, liquidity, disclosure and investor-segment terms above are user-selected TVAC design labels. They do not establish local legal categories, permissions or requirements.

Case snapshot

Stakeholder	NO	CS	RR	TC	NR	Net
Asset owner / Issuer (sponsor, manager) Typically captures strategic upside, but often carries most upfront cost and execution risk.	3.0	1.0	0.0	10.0	10.0	-16.00
Investors Capture access/liquidity value if rights are enforceable and the operating model is credible.	3.0	1.0	1.0	9.0	10.0	-14.00
Infrastructure providers Platforms, custodians, transfer agents, venues, and settlement/payment partners.	4.0	0.0	0.0	8.0	7.0	-11.00

Net = (New Opportunities + Cost Savings + Risk Reduction) – (Tokenization Costs + New Risks). Stakeholder scores are perspective scores, not a decomposition of the overall project score. They show how the same structure looks from each party's position, depending on which benefits they capture and which costs, risks, and delivery burdens they actually bear.

4.2 Asset owner / Issuer (sponsor, manager)

Expected value (plus)

- Any theoretical upside depends on enforceable rights, compliant distribution, and a credible investor-protection model; without those, token-native reach alone is not meaningful value creation.

Costs & risks carried (minus)

- Cross-border compliance complexity across Cayman Islands (issuance) + US, UK, EU, Singapore (sales) (marketing rules, investor eligibility, reporting).
- Additional investor-protection obligations and operational burden (suitability, disclosures, complaints handling).

What to agree / do next

- Lock the operating model: rights (term sheet), custody setup, venue path, cash-flow/distribution mechanics, and transfer rules.
- Resolve the highest-priority evidence gaps identified in the report before spending further on build or integration.
- Do not assume token-native liquidity solves the case: define whether any compliant exit path exists at all, and stop if rights, custody, and investor-protection architecture remain weak.

4.3 Investors

Expected value (plus)

- Any investor-side value depends first on legally validated rights, compliant distribution, and effective investor protections; without those, retail access and token-native transferability are not meaningful benefits.

Costs & risks carried (minus)

- Higher friction: eligibility checks, disclosures (KID/Prospectus or exemptions), and suitability constraints.
- Cross-border compliance can reduce distribution breadth and may introduce withholding/reporting complexity.

What to agree / do next

- Do not rely on a generic exit story: demand a legally defensible account of rights, venue, transfer restrictions, and whether any compliant liquidity path exists at all.
- Verify the custody and control model in operational detail: wallet and key-recovery risks, authority over transfers, evidence of beneficial ownership, incident handling, and the legal relationship between token records and the underlying artwork.
- Clarify the full economics: artwork acquisition, storage, insurance, appraisal and provenance work, platform and venue fees, legal and disclosure costs, distributions, resale proceeds and dispute handling.

4.4 Infrastructure providers

Expected value (plus)

- Any infrastructure value depends first on compliance, rights clarity, and controlled investor protection; token-native trading rails alone do not create durable value in this setup.
- Settlement innovation can be a differentiator if the cash leg is compliant and operationally robust.

Costs & risks carried (minus)

- Integration and operational complexity (reconciliations, reporting, corporate actions, incident response) often scales faster than expected.
- Regulatory perimeter and liability exposure can increase with cross-border sales, investor-scope expansion, and more complex distribution structures.
- T+0/atomic settlement increases error-cost: reversals are harder, controls must be tighter.

What to agree / do next

- Define interfaces and responsibilities early (RACI): who owns KYC/AML, whitelists, transfers, reconciliations, and reporting.
- Agree evidence expectations: SOC reports, audit trails, code audits, incident runbooks, and SLA/exit clauses.
- Align commercial terms with actual delivery responsibilities and evidenced outcomes; avoid adding a token layer without measurable operational or commercial value.

4.5 Who bears the costs and risks?

A frequent failure mode in tokenization is misaligned incentives: the issuer/asset owner carries most of the build, integration, legal, and compliance burden, while infrastructure providers may still earn fees and investors may still demand protections if rights, transfer mechanics, or operational utility remain unclear. Where that imbalance becomes too pronounced, tokenization can become commercially more attractive to service providers than to the initiating Asset Owner itself. Use the scores above to sanity-check incentive balance before you proceed.

- If the asset owner net score is materially negative while infrastructure is positive, the current configuration may be economically more attractive to service providers than to the initiating Asset Owner. In that situation, renegotiate scope, fee stack, delivery burden, and structural complexity before proceeding.
- If investor net score is low or negative, expect weak demand unless enforceability, disclosures, custody, and realistic exit paths are improved.

5. Factor breakdown – detailed explanation

Read these scores alongside the Stakeholder added value section. Stakeholder incentives, operational responsibilities, and cross-party alignment often determine whether modeled upside (New Opportunities, Cost Savings, Risk Reduction) is realized in practice, and whether frictions (Tokenization Costs, New Risks) remain acceptable. Material misalignment should be treated as a practical discount to feasibility and expected value.

This section explains in more detail why each of the five factor scores was chosen for this specific case and how they link back to your inputs (jurisdictions, investor types, custody, venue, settlement, disclosure, tax considerations, etc.). The three upper factors represent upside (Plus), while the two lower factors capture friction and downside (Minus).

The bullets below provide the case-specific basis for each factor. Scores are rubric-based methodology judgments, not measurements or legal conclusions.

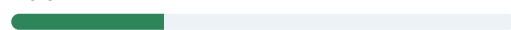
Overall, the current design is structurally negative: tokenization introduces more cost and risk than it creates in durable upside, so this case should be treated as Non-viable unless the core structure is materially redesigned. With an Added Value score of -16, this is not a narrow decision-range case. The gap is large enough that incremental tuning is unlikely to restore viability on its own. Net Added Value is primarily driven by new opportunities at 3/10 on the upside, and constrained mainly by tokenization costs at 10/10 on the friction side.

New opportunities (NO)

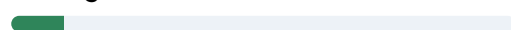
- Fractional NFTs may widen symbolic access to a fine-art portfolio relative to direct whole-piece ownership.
- The user-stated global retail angle and continuous DEX trading could expand reach, but both depend on unresolved legal classification, investor onboarding and transfer-control design.
- Because the token may represent a mixture of contractual claims, informal profit-sharing promises and membership rights, the investment proposition lacks a clearly defined token-native rights package.

Factor scores (0–10). Green bars indicate upside factors (New opportunities, Cost savings, Risk reduction). Red bars indicate friction/downside (Tokenization costs, New risks). The text next to each score gives a qualitative label so the numbers are less abstract.

New opportunities 3 / 10 (limited upside)



Cost savings 1 / 10 (very limited upside)



Cost savings (CS)

- Self-custody and on-chain transfer may reduce some transfer-processing friction at the token layer.
- Those possible efficiencies are offset by unresolved off-chain rights management for the fine-art portfolio, provenance handling, valuation disputes and cross-border investor servicing.
- No validated conventional-cost baseline, provider pricing or operating model is supplied, so material savings are not demonstrated.

Risk reduction (RR)

- The stated T+0 atomic model could reduce timing mismatches at the token-transfer layer if the cash leg and rights records were robustly linked.
- In the current design, unrestricted DEX transfers, minimal onboarding and self-custody do not show clear reduction of compliance or investor-protection risk compared with a conventional intermediated model.
- The described sole-record concept does not establish which record would be legally authoritative for artwork-related rights.

Tokenization costs (TC)

- A Cayman issuance paired with sales into the United States, United Kingdom, EU and Singapore creates a structurally heavy scoping and operating burden even before case-specific legal conclusions are reached.
- The fine-art use case adds off-chain rights mapping, provenance and valuation complexity that tokenization does not remove.
- If the project were redesigned for a defensible retail offering, disclosure, onboarding, transfer control and recordkeeping layers would likely remain significant cost categories.

New risks (NR)

- The user explicitly identifies unclear investor protection, cross-border securities-law exposure, provenance challenges, valuation disputes, market manipulation and regulatory enforcement uncertainty.
- Continuous DEX trading, unrestricted jurisdictional transfers and self-custody introduce additional leakage, surveillance and loss scenarios not resolved in the input.

Risk reduction 0 / 10 (very limited upside)

Tokenization costs 10 / 10 (very severe friction)

New risks 10 / 10 (very severe friction)

Plus (NO + CS + RR): 4

Minus (TC + NR): 20

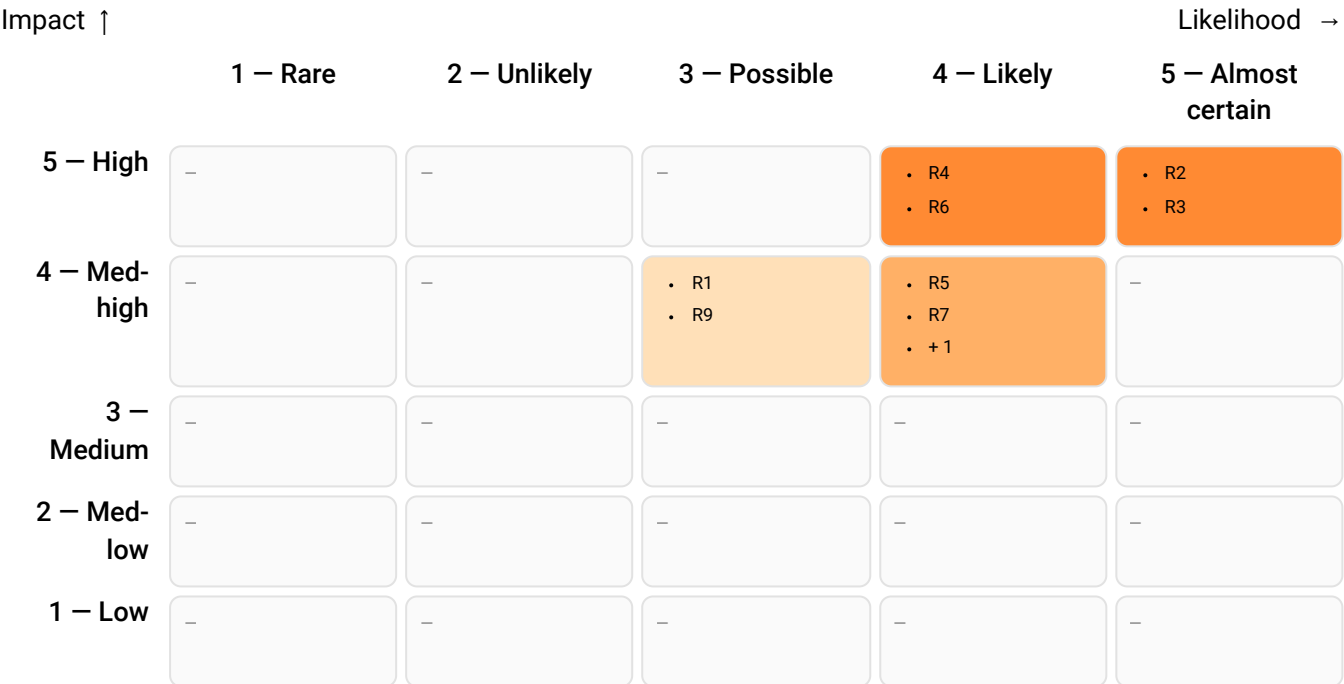
Added Value (Plus – Minus): -16

- The economic and legal alignment between token holders and the underlying artwork ownership is described as structurally ambiguous, which is a core investor-harm risk.

6. Risk heatmap

This heatmap highlights case-specific risks by combining likelihood (horizontal axis) and impact (vertical axis). The darkest orange cells mark the highest combined risk and are usually the first candidates for mitigation actions and additional analysis.

Colour scale:  Low  Medium  High  Very high



Focus first on risks in the darkest cells (high impact and high likelihood). These are typically the ones that need concrete mitigation plans before a real-world tokenization project can proceed.

- R1 – Misaligned incentives / vendor-capture risk (Impact: 4, Likelihood: 3)
- R2 – Rights and ownership misalignment (Impact: 5, Likelihood: 5)
- R3 – Cross-border distribution exposure (Impact: 5, Likelihood: 5)
- R4 – Transfer leakage through unrestricted DEX trading (Impact: 5, Likelihood: 4)
- R5 – Investor loss and support failures under self-custody (Impact: 4, Likelihood: 4)
- R6 – Provenance and valuation disputes (Impact: 5, Likelihood: 4)
- R7 – Market manipulation and liquidity illusion (Impact: 4, Likelihood: 4)
- R8 – Tax uncertainty across sale jurisdictions (Impact: 4, Likelihood: 4)
- R9 – Cash-leg ambiguity (Impact: 4, Likelihood: 3)

7. Recommendations & next steps

These pointers are non-binding and informational only. For a Non-viable case, read them as redesign requirements or reasons to stop under the current concept — not as a normal execution checklist.

Case-specific focus: This recommendation set assumes a Cayman Islands-led structure aimed at retail investors. Primary structural issue: The final classification, rights mapping, offering structure, investor eligibility, marketing perimeter, ownership record, transfer controls and servicing responsibilities require qualified jurisdiction-specific validation.

7.1 Design priorities and decision gates

Design stage: Structured Concept. Recommendations below focus on the highest-impact unresolved design and evidence gates.

The current assessment does not indicate a workable tokenization case under the present structure (NO 3, CS 1, RR 0 vs. TC 10, NR 10). In this case, a cross-border setup (4 sale jurisdictions (US, UK, EU, Singapore)) and retail eligibility and investor-protection requirements materially amplify downside, while the available upside is too weak or too conditional to carry the legal, compliance, custody, and operating burden. The points below should therefore be read as redesign requirements or reasons to stop under the current concept — not as routine optimisation levers.

Primary redesign requirements

The priorities below are selected from the largest score drag and the unresolved evidence or operating-model gates in this case.

7.1.1 Treat Distribution and Liquidity as a Design Requirement, Not an Assumption

because the liquidity pathway is currently uncommitted and increases execution risk.

In this case specifically: Open-ended liquidity claims are part of the structural problem rather than part of the solution.

Compared with a conventional alternative: Compared with a conventional ownership or fund structure, the tokenized version is weaker if it relies mainly on liquidity narrative rather than enforceable rights and compliant transfer mechanics.

- Remove open DEX-style liquidity from the initial concept; do not rely on unrestricted secondary trading as the core value proposition.
- If any transferability is retained, move to a tightly controlled, permissioned model with explicit investor eligibility, transfer restrictions, and a credible regulated-venue path.
- Do not market liquidity as 'continuous' or global; define realistic exit mechanics only after rights, compliance, custody, and investor-protection architecture are legally anchored.

Redesign implication: if demand and liquidity remain aspirational rather than committed, the current concept should not proceed.

7.1.2 Simplify Jurisdictional and Investor Scope in the Initial Phase

because retail scope typically multiplies compliance and operational load in phase 1.

In this case specifically: The combination of US, UK, EU, Singapore and the chosen investor scope increases execution burden in the first phase.

Compared with a conventional alternative: Compared with a conventional launch path, the tokenized structure is more sensitive to early scope creep across jurisdictions and investor categories, so phase-one restraint matters more here.

- Remove retail participation from the initial concept and re-scope to a small set of professional and/or accredited investors only, if the project is pursued at all.
- Collapse the initial jurisdiction footprint (currently 4 sale jurisdictions (US, UK, EU, Singapore)) to a single core market until legal rights, custody, disclosure, and transfer controls are defensible.
- Do not attempt broad cross-border distribution until the structure has been rebuilt around enforceable rights, compliant onboarding, and realistic investor-protection mechanics.

Redesign implication: unless scope is materially narrowed, the legal and operational burden is likely to remain too high for the current value case.

7.1.3 Rebalance Cost and Risk Allocation Away from the Asset Owner

because Tokenization Costs are currently a dominant downside driver.

In this case specifically: The proposed issuance is anchored in Cayman Islands with distribution into US, UK, EU, Singapore; the Asset Owner therefore needs explicit control of cross-jurisdiction cost, responsibility and execution burden.

Compared with a conventional alternative: Compared with a conventional implementation path, tokenization only earns its place here if the added stack does not push too much fixed cost and execution burden back onto the Asset Owner.

- Do not commit to a platform, venue or public marketing programme until the legal rights, investor-protection model, custody of the artwork and permissible transfer pathway have been independently validated.
- Build a complete cost stack covering artwork acquisition, storage, insurance, appraisal and provenance work, legal and disclosure requirements, onboarding, transfer controls, platform operations and dispute handling.
- Use staged vendor commitments tied to completed rights mapping, custody and provenance controls, investor-protection design and operational evidence – not to token issuance or capital raised alone.

Redesign implication: unless cost and risk allocation is materially rebalanced, the current structure is unlikely to become economically rational for the Asset Owner.

7.1.4 Redesign implication under current structure

Do not treat the items above as a normal optimisation pathway. Under the current concept, tokenization should stop or be materially re-scoped unless the project is redesigned around enforceable rights, narrower investor and jurisdiction scope, credible compliance controls, and a realistic distribution/liquidity path. Incremental tuning alone is unlikely to restore viability.

In this case specifically: The project should not be reconsidered for launch unless legal rights, enforceability, custody, and investor protection are rebuilt from the ground up.

7.4 Redesign requirements / stop conditions

- No verified jurisdiction-specific claim or approved local baseline is available; local regulatory application remains unresolved.
- Obtain written jurisdiction-specific legal analysis of classification, offering pathway, rights mapping and transfer controls.
- Document and validate the relationship between the token, legal title or contractual rights, custody and storage, insurance, provenance, valuation or appraisal, and the allocation of sale or distribution proceeds.
- Which legal classification applies to the final instrument and rights structure?

- Which offering, marketing and investor-eligibility rules apply in each jurisdiction?

7.5 Risk-mitigation actions

- Misaligned incentives / vendor-capture risk: Use stage-gating and milestones (legal opinions + demand validation) before committing; negotiate fee structures with meaningful success-based components; ensure portability/exit clauses if the platform/venue changes strategy.
- Rights and ownership misalignment: Document a single coherent rights package and a clear linkage between token holders, the Cayman entity and the underlying artwork portfolio before launch.
- Cross-border distribution exposure: Obtain independent jurisdiction-specific analysis of the intended sales and marketing model and redesign the perimeter if required.
- Transfer leakage through unrestricted DEX trading: Validate whether transfer controls are required for the intended jurisdictions and align the technical transfer model with the chosen distribution posture.
- Investor loss and support failures under self-custody: Define wallet-security support, incident handling and investor communication processes or reconsider the custody approach.
- Provenance and valuation disputes: Establish documented provenance, valuation governance and dispute-resolution procedures tied to the token-holder rights package.
- Market manipulation and liquidity illusion: Avoid treating open DEX trading as evidence of true liquidity and require monitoring and market-integrity controls appropriate to the final model.
- Tax uncertainty across sale jurisdictions: Obtain cross-border tax scoping for investor inflows, distributions and transfers before relying on broad retail distribution.
- Cash-leg ambiguity: Specify the payment asset, settlement flow and reconciliation logic behind the stated atomic settlement model.

The actions above address the most material New Risks in this case. Residual risks should continue to be monitored throughout the structure's lifecycle.

Appendices

Appendix A – Method & interpretation

A.1 How to read this report

HOW TO READ THIS REPORT This report is a structured decision-support assessment of the specific tokenization case described in the inputs. It is designed for senior stakeholders who need an indicative Tokenization Value Verdict, the reasons behind it, and practical design levers. How to use the report (recommended sequence) 1) Start with the Tokenization Value Verdict (Viable / Conditional Go / Non-viable) and the top drivers. 2) Read “Decision Integrity & Limits” to understand scope, boundaries, and what would change the verdict. 3) Use the analysis sections to trace the conclusion across opportunity, cost, risk, and regulatory context (indicative). 4) Use “Sensitivity & Decision Levers” and the recommendations as a design tool: adjust the few variables that move outcomes most.

- Recommendations in this report are analytical suggestions derived from the TVAC methodology and do not constitute legal, regulatory, financial, tax, investment, or implementation advice.
Reading discipline
- Treat uncertain inputs as hypotheses that must be verified.
- Prefer staged commitments: validate the highest-impact uncertainties before committing to full implementation.

A.2 Decision integrity & interpretation

DECISION INTEGRITY & LIMITS This report provides informational decision support only. It does not constitute legal, regulatory, tax, financial, or investment advice, and it does not provide a compliance determination, valuation, or provider endorsement. Case snapshot (as stated)

- Issuance jurisdiction: Cayman Islands
- Sale jurisdictions / target markets: United States, United Kingdom, EU, Singapore
- Asset / instrument type (indicative): sole-record
- Liquidity intent (as stated): continuous
- Payment / cash-leg indication: T+0 atomic
- Cash-leg dependency / readiness: Critical dependency / Advanced readiness What the Tokenization Value Verdict means
- Viable: Tokenization added value is plausible under the stated assumptions, subject to normal verification and execution.
- Conditional Go: Tokenization added value is design-dependent. Proceeding without meeting the listed conditions materially increases execution risk.
- Non-viable: Under current assumptions, tokenization is unlikely to outperform a conventional structure on a risk-adjusted basis. What can change the verdict (high impact)
- Distribution scope and investor segmentation (jurisdiction count, retail vs professional posture)
- Rights mapping and structural clarity (asset/SPV structure, cash-flow logic, investor protections)
- Custody / controls / transfer restrictions (institutional-grade requirements vs complexity)
- Liquidity assumptions (timing, venue feasibility, realistic market depth)
- Payment / cash-leg readiness where the case depends on DvP, digital cash, 24/7 settlement, collateral mobility or automated lifecycle payments
- Tokenization cost profile (legal/compliance/ops overhead and non-scalable components)

- Regulatory clarity and constraints in the stated jurisdictions (indicative; verify with qualified advisers) What TVAC did not assess
- No definitive legal, regulatory, tax, or investment conclusions
- No asset valuation, yield projections, or market-price forecasts
- No assurance of secondary-market liquidity or investor demand
- No operational readiness audit beyond the indicative checklist

A.3 Minimum evidence checklist

MINIMUM EVIDENCE & READINESS CHECKLIST (indicative) Before proceeding toward implementation, decision-makers should be able to substantiate a minimum level of evidence across the areas below. This checklist is not exhaustive and does not imply regulatory sufficiency. It reflects common governance expectations in institutional-grade projects. Highest-priority gaps in this case (derived from inputs/completeness) 1) No verified jurisdiction-specific claim or approved local baseline is available; local regulatory application remains unresolved. 2) Obtain written jurisdiction-specific legal analysis of classification, offering pathway, rights mapping and transfer controls. 3) Document and validate the relationship between the token, legal title or contractual rights, custody and storage, insurance, provenance, valuation or appraisal, and the allocation of sale or distribution proceeds. Structural & economic foundations

- Clear description of the underlying asset and ownership structure
- Defined economic rights and cash-flow logic
- Draft term sheet or structural outline
- Clear rationale for tokenization vs alternatives Regulatory & distribution posture
- Issuance jurisdiction clearly defined
- Explicit list of sale jurisdictions
- Documented investor type assumptions
- Initial regulatory scoping (high-level) Token & control design
- High-level token design and rights mapping
- Transfer restriction and whitelist logic (conceptual)
- Corporate actions and investor reporting approach
- Governance for smart-contract or protocol changes (if relevant) Infrastructure & counterparties
- Custody model (conceptual)
- Indicative partner shortlist (non-binding)
- Issuance, registry, and lifecycle approach
- Payment / cash-leg and settlement approach, proportionate to the case's actual value proposition
- Early assessment of secondary trading (if any) Cost & operational realism
- High-level CAPEX and OPEX view
- Identification of major cost drivers
- Clear internal ownership of ongoing operations
- Understanding of scalable vs non-scalable costs Lack of clarity across several of these areas materially increases execution risk, even where the conceptual case appears attractive.

A.4 Sensitivity & decision levers

SENSITIVITY & DECISION LEVERS (indicative) Deterministic verdict (source of truth): Non-viable. This is not a narrow boundary case. Material redesign of the core rights, investor scope, compliance, custody, transfer or operating model would be required before reassessment; incremental tuning alone should not be expected to restore viability. Top drivers in this case (derived from scoring)

Do not treat the levers above as a routine optimisation checklist. Reassess only after the structural reasons for the Non-viable result have been materially changed and evidenced.

- Upside driver: New opportunities (value depends on distribution and product/instrument design)
- Risk driver: New risks (most sensitive to regulatory interpretation, custody/ops complexity, and cross-border distribution)
- Cost driver: Tokenization costs (most sensitive to legal/compliance scope, integrations, and ongoing ops overhead) High-impact decision levers (practical)
- Distribution scope: reduce jurisdictions and/or tighten investor segments to lower compliance and operational overhead.
- Liquidity posture: treat early secondary trading as optional; defer until structure and reporting are stable.
- Custody & controls: choose a control model that meets institutional requirements without over-engineering.
- Payment / cash-leg: clarify the settlement model only to the level required by the claimed value proposition; do not over-engineer it for low-dependency cases.
- Rights & governance: tighten rights mapping (cash flows, reporting, governance, transfer rules) to reduce friction and disputes. Interpretation rule

A.5 How we compute Added Value

Added Value = (New Opportunities (NO) + Cost Savings (CS) + Risk Reduction (RR)) - (Tokenization Costs (TC) + New Risks (NR))

Plus (NO + CS + RR) = 4

Minus (TC + NR) = 20

Added Value (Plus - Minus) = -16

A.6 Evidence, provenance & regulatory source register

This register shows evidence status, activated verified regulatory claims, official sources and generic interface labels. It supports auditability but does not constitute legal advice or a conclusion that any cited rule applies to the final facts.

Supporting evidence: Preliminary · Any supporting evidence mentioned in the case description is treated as user-reported and has not been independently reviewed or verified by TVAC.

Regulatory coverage: General (no verified local references) · unverified · unsupported · last reviewed 2026-07-12

Sale-jurisdiction coverage:

- United States · unverified · basic · last reviewed 2026-07-15
- United Kingdom · unverified · basic · last reviewed 2026-01-29
- European Union · unverified · basic · last reviewed 2026-07-15

- Singapore · unverified · basic · last reviewed 2026-01-29

Legal-advice boundary: TVAC provides regulatory scoping and decision support only. It does not determine how the law applies to the final facts, provide a legal opinion, confirm compliance, or replace qualified local counsel.

Score provenance

Factor scores are rubric-based methodology judgments grounded in supplied inputs and explicit evidence gaps. They are not measurements, legal conclusions or due-diligence findings.

Factor	Score	Provenance class	Input references
New Opportunities	3/10	METHODOLOGY_ASSESSMENT	case_description, instrument_type, investor_types, sale_jurisdictions, secondary_market_liquidity, transfer_restrictions
Cost Savings	1/10	METHODOLOGY_ASSESSMENT	case_description, instrument_type, custody_model, settlement_model, transfer_restrictions
Risk Reduction	0/10	METHODOLOGY_ASSESSMENT	case_description, custody_model, transfer_restrictions, settlement_model, investor_types
Tokenization Costs	10/10	METHODOLOGY_ASSESSMENT	case_description, issuance_jurisdiction, sale_jurisdictions, instrument_type, custody_model, secondary_market_venue, settlement_model
New Risks	10/10	METHODOLOGY_ASSESSMENT	case_description, issuance_jurisdiction, sale_jurisdictions, custody_model, secondary_market_venue, transfer_restrictions, settlement_model, tax_considerations

Activated verified regulatory claims

The table records claim scope and source IDs; the full case-facing explanation appears in Chapter 3.5.

No verified jurisdiction-specific claim was activated for the stated case facts.

Jurisdiction-specific validation questions

- **General (no verified local references):** Which legal classification applies to the final instrument and rights structure?
- **General (no verified local references):** Which offering, marketing and investor-eligibility rules apply in each jurisdiction?
- **General (no verified local references):** Which ownership, custody, registry, transfer, settlement, tax and reporting requirements apply?
- **United States:** How is US-facing distribution scoped (investor type, channels, communications) and how is it enforced operationally?
- **United States:** Which transfer restrictions and onboarding controls are needed to keep distribution posture consistent with assumptions?
- **United States:** If secondary trading is planned, what is the feasible venue pathway for the target markets?
- **United Kingdom:** How is UK-facing distribution scoped (investor type, channels, communications) and how is it enforced operationally?
- **United Kingdom:** Which regulated roles (onboarding, custody, venue) are expected or preferred for the design?
- **United Kingdom:** If secondary trading is planned, what is the feasible venue pathway for the target markets?

- **European Union:** Which offering/distribution posture is intended in each sale jurisdiction, and is the operating model aligned with that posture?
- **European Union:** Which regulated roles (onboarding, custody, venue, agent/registrar) are expected or preferred for the chosen design?
- **European Union:** If secondary trading is planned, what is the feasible venue pathway for the target markets?
- **Singapore:** Which sale jurisdictions actually matter for distribution, and how is expansion staged and controlled?
- **Singapore:** Which regulated roles/providers will anchor onboarding and custody, and how are responsibilities allocated?
- **Singapore:** If secondary trading is planned, what is the feasible venue pathway for the target markets?
- **Singapore:** How is APAC-facing distribution scoped (investor type, channels, communications) and how is it enforced operationally?
- **Singapore:** Which custody/onboarding arrangement is acceptable to target investors and counterparties?

Verified official sources

- SEC — Exempt Offerings overview · U.S. Securities and Exchange Commission · checked 2026-07-15
- eCFR — Regulation S: offers and sales outside the United States · U.S. Securities and Exchange Commission / Electronic Code of Federal Regulations · checked 2026-07-15
- SEC — Guide to Broker-Dealer Registration · U.S. Securities and Exchange Commission · checked 2026-07-15
- SEC — Alternative Trading Systems · U.S. Securities and Exchange Commission · checked 2026-07-15
- SEC — Transfer Agents · U.S. Securities and Exchange Commission · checked 2026-07-15
- Directive 2014/65/EU on markets in financial instruments · European Union · checked 2026-07-15
- Regulation (EU) 2017/1129 — Prospectus Regulation · European Union · checked 2026-07-15
- Regulation (EU) 2023/1114 — Markets in Crypto-assets · European Union · checked 2026-07-15
- Regulation (EU) 2022/858 — DLT Pilot Regime · European Union · checked 2026-07-15
- Regulation (EU) No 909/2014 — Central Securities Depositories Regulation · European Union · checked 2026-07-15

Generic interface labels

Generic TVAC interface label only. It is not treated as a jurisdiction-specific legal classification or legal requirement.

Field	Value
instrument_type	sole-record
custody_model	self-custody
secondary_market_liquidity	continuous
secondary_market_venue	DEX
settlement_model	T+0 atomic
investor_types	retail

Appendix B – TVAC Provider Directory (illustrative)

This appendix is an illustrative reference layer intended to help the reader think about which types of external partners may be relevant in a tokenization project.

It is not a recommendation list, procurement shortlist, or ranking. Inclusion or omission does not imply endorsement, criticism, quality judgment, regulatory approval, or case suitability. Any provider mentioned here must be assessed independently for legal fit, jurisdictional coverage, operating model fit, technical capability, conflicts, cost, and execution reliability. This appendix is non-exhaustive and subject to change. The current TVAC reports already frame the Provider Directory in this way, as an early, non-exhaustive scaffolding meant to help the reader think about partner types rather than to recommend specific firms.

B1. How to use this appendix

Use this appendix to identify the provider categories a case may require, not as a signal that a specific provider should be engaged.

In many cases, the main value of the directory is not the names themselves, but the discipline of asking:

- Which functions must be covered?
- Which functions can be combined?
- Which functions must remain regulated or jurisdiction-specific?
- Which dependencies create concentration risk or vendor-capture risk?
- Which parts of the stack are critical before launch, and which can wait?

B2. Typical provider categories

Depending on the case, a tokenization project may require some or all of the following partner categories:

- legal & regulatory advisers
- tax advisers
- issuance / tokenization platform
- smart-contract / token engineering support
- custody / wallet infrastructure
- transfer agent / registry administration
- fund administration or SPV administration
- trading venue / ATS / MTF / exchange partner
- transfer or liquidity-support provider, only where explicitly required and legally permitted
- KYC / AML / onboarding provider
- payment / settlement / banking partner
- audit / assurance / cybersecurity reviewers
- valuation, data, or oracle-related providers
- distribution / placement / investor onboarding partners
- systems integration / workflow automation support

B3. Illustrative examples from the current TVAC directory

The current TVAC Provider Directory groups named examples under three main headings: Legal & regulatory advisers, Issuing platforms, and Custody, trading & settlement. The examples below are drawn from that existing list only, but presented in a more compact and category-led form.

B3.1 Legal & regulatory advisers

These advisers help determine whether the proposed structure is legally enforceable, properly classified, and consistent with the intended issuance, distribution, transfer, custody, and disclosure model.

Typical use cases:

- wrapper design
- securities-law classification
- cross-border marketing analysis
- transfer restriction design
- offering documentation
- legal opinions and regulatory scoping

Illustrative examples from the current TVAC directory:

- CMS
- Cooley
- FIN LAW
- MME
- NÄGELE

These names are taken from the existing Legal & regulatory advisers list in the current TVAC reports.

B3.2 Issuing platforms

These providers typically support issuance workflows, lifecycle management, permissions, investor access rules, and parts of the reporting or compliance stack.

Typical use cases:

- token issuance
- lifecycle events
- permissions / whitelisting
- cap-table or investor-position management
- compliance rule integration
- reporting workflows

Illustrative examples from the current TVAC directory:

- Aktionariat
- Polymesh (Polymath)
- Realiz Group
- Securitize
- Token City
- Tokeny

These names are taken from the existing Issuing platforms list in the current TVAC reports, with DigiShares intentionally omitted from this revised appendix.

B3.3 Custody, trading & settlement

These providers support safekeeping, wallet infrastructure, execution, venue access, settlement, and post-trade operations.

Typical use cases:

- institutional custody
- secure wallet infrastructure
- settlement support
- exchange / venue access
- post-trade servicing
- collateral mobility or transfer control support

Illustrative examples from the current TVAC directory:

- ADDX
- Anchorage Digital
- Archax
- BitGo
- Coinbase Institutional
- Copper
- Ondo Finance
- SIX Digital Exchange (SDX)
- Sygnum Bank
- Taurus

These names are taken from the existing Custody, trading & settlement list in the current TVAC reports.

B4. Practical selection principles

When evaluating providers, the reader should typically assess:

- jurisdictional fit
- regulatory status where relevant
- experience with the relevant asset class
- operating-model compatibility
- integration burden
- exit options / portability
- fee model
- service resilience
- auditability and evidence quality
- concentration risk

Where possible, provider choices should reinforce the case logic rather than undermine it. A weak provider stack can easily erode the value thesis of an otherwise promising structure.

B5. Important caution

The right provider stack is highly case-dependent.

A provider that is suitable for a closed institutional collateral workflow may be a poor fit for a cross-border fund wrapper. A provider that is strong in digital-asset custody may not be the right choice for transfer administration or legal structuring. A venue that looks attractive commercially may create regulatory or operating-model problems if the case does not actually need that level of transferability.

Appendix C – Glossary & abbreviations

A practical reference for the most common terms and abbreviations used in this report. Spelling note: tokenization uses “z”.

Term	Meaning
Accredited investor	An investor category used primarily in the United States for persons or entities meeting specific income, net worth, or institutional eligibility thresholds for participation in certain exempt offerings.
Added Value (AV)	TVAC’s net assessment of whether tokenization appears to improve a case overall once both upside and friction are weighed together. Formula: $AV = (NO + CS + RR) - (TC + NR)$.
AML	Anti-Money Laundering controls intended to detect, prevent, and report suspicious financial activity.
Assessment input	TVAC’s qualitative indication of whether the required input sections were completed sufficiently for the assessment to run. It measures input-form completion only and does not imply factual certainty, independent validation or supporting evidence.
Asset owner / Issuer	The originating party, sponsor, manager, or issuing structure responsible for launching or sponsoring the tokenized case being assessed.
ATS	Alternative Trading System. A regulated trading venue category used in some jurisdictions, particularly the United States.
Bankruptcy-remote SPV	A special-purpose vehicle structured to reduce the risk that the insolvency of a sponsor or related party directly affects the ring-fenced assets or obligations of the issuance vehicle.
Cap table	Capitalization table. A record of ownership interests, investor positions, or security holders in a structure or company.
Cash leg	The cash side of a transaction or settlement flow, as distinct from the asset or token side.
Conditional Go	A Tokenization Value Verdict indicating that tokenization may add net value, but remains materially dependent on design discipline, implementation choices, and resolution of key gating conditions.
Counterparty risk	The risk that one party to a transaction fails to perform its contractual obligations.

Term	Meaning
CSD	Central Securities Depository.
Custody	The safeguarding, control, and recordkeeping of assets or positions on behalf of investors or market participants.
DeFi	Decentralized Finance. A blockchain-based ecosystem of protocols and applications designed to enable financial activity without relying entirely on traditional centralized intermediaries.
DEX	Decentralized Exchange.
Distribution scope	The intended investor reach of an offering or tokenized structure, including geography, investor type, and access conditions.
DvP	Delivery versus Payment. A settlement model in which transfer of the asset and transfer of payment are linked so that one does not occur without the other.
Economic rights	The financial entitlements attached to a token or instrument, such as income participation, coupon, principal repayment, or profit-sharing.
Eligibility controls	Rules and mechanisms that determine who may acquire, hold, or transfer a token or instrument.
ESG	Environmental, Social, and Governance factors.
Execution risk	The risk that a concept that appears viable in theory fails in practice because implementation, coordination, economics, or governance proves weaker than assumed.
Factor breakdown	The report section explaining how each of TVAC's five factors contributes to the overall assessment.
Friction factors	In TVAC, the two downside factors: Tokenization Costs (TC) and New Risks (NR).
Governance	The decision-making, control, accountability, and escalation framework surrounding a structure, platform, issuer, or operating model.
Institutional investor	A professional market participant such as a fund, bank, insurer, treasury function, pension investor, or other organization investing at scale.

Term	Meaning
Investor segmentation	The way the target investor base is defined and limited by investor type, sophistication, jurisdiction, or eligibility criteria.
KYC	Know Your Customer procedures used to verify customer identity and onboarding eligibility.
Legal wrapper	The legal structure through which tokenized rights or exposures are issued, held, or governed.
Liquidity window	A predefined period or mechanism allowing limited secondary trading, transfer, redemption, or exit opportunities.
MiCA	Markets in Crypto-Assets Regulation in the European Union.
MiFID II	Markets in Financial Instruments Directive II in the European Union.
MTF	Multilateral Trading Facility under EU regulatory frameworks.
Net Added Value	See Added Value (AV).
New Opportunities (NO)	Case-specific upside that tokenization creates or materially strengthens, such as new investor reach, new operational utility, collateral use, programmability, or improved strategic flexibility.
New Risks (NR)	Additional risks introduced by tokenization, including legal, regulatory, operational, technological, governance, distribution, or market-structure risks.
NO / CS / RR / TC / NR	Shorthand for TVAC's five factors: New Opportunities, Cost Savings, Risk Reduction, Tokenization Costs, and New Risks.
Non-viable	A Tokenization Value Verdict indicating that the current structure does not support a positive tokenization value case under the TVAC methodology and should not proceed without substantial redesign.
Off-chain settlement	A settlement process that occurs through conventional systems, institutions, or cash rails rather than being fully completed on a blockchain.
On-chain settlement	A settlement process in which the relevant transfer logic is executed on a blockchain or distributed ledger environment.
Operational costs	The ongoing cost burden of running a structure, including servicing, reporting, compliance, governance, custody, registry, and technology overhead.

Term	Meaning
Operational utility	Practical workflow benefit created by tokenization, such as faster settlement, better collateral mobility, reduced reconciliation, or more efficient transfer control.
Parallel processes	A situation in which tokenized and legacy workflows both remain active, limiting the real efficiency gains from tokenization.
Permissioned	A system design in which access, participation, or transfers are restricted to approved participants under defined rules.
Professional investor	An investor category used in many jurisdictions for parties assumed to have greater sophistication, capacity, or experience than retail investors.
Prospectus	A formal disclosure document that may be required for certain public offerings or investor solicitations under applicable law.
Provider Directory	A reference section listing indicative categories of service providers relevant to tokenization implementation. It is illustrative only and not a recommendation list.
Reg D / Reg S	Common shorthand for U.S. securities offering exemptions under Regulation D and Regulation S.
Registry	The official or operational record of holdings, ownership, or investor positions.
Regulatory coverage	The jurisdiction-specific scope supported by activated, versioned regulatory claims in the TVAC profile. It does not determine how the law applies to the final facts.
Regulatory perimeter	The boundary of laws, rules, approvals, and supervisory expectations that may apply to a structure or activity.
Retail investor	A non-professional investor who generally receives higher levels of regulatory protection than professional or institutional investors.
Rights mapping	The process of making clear what legal, economic, governance, and transfer rights a token actually represents and how those rights are enforceable.
Risk heatmap	A report visualization that summarizes the relative severity and concentration of key risk areas identified in the case.

Term	Meaning
Risk Reduction (RR)	The extent to which tokenization reduces existing risk in the conventional setup, for example through better controls, improved transparency, clearer auditability, or lower reconciliation burden.
Self-custody	A model in which the end holder directly controls the relevant wallet, keys, or token position without relying on a traditional third-party custodian.
Settlement model	The way asset transfer, cash transfer, record updates, and finality are operationally achieved.
SPV	Special Purpose Vehicle. A ring-fenced legal entity often used for issuance, structuring, asset isolation, or liability segregation.
Stakeholder added value	A TVAC perspective layer showing how value and friction may be distributed differently across key participants such as the issuer, investors, and infrastructure providers.
Stop criteria	Standard decision-integrity triggers indicating that a case should stop, re-scope, or be materially redesigned unless the issue is resolved.
Structured product	A financial instrument combining defined economic exposure with a formal legal wrapper and specified payout logic.
Supporting evidence	TVAC's qualitative indicator of how far critical legal, commercial, provider and operational assumptions are supported by evidence described by the user. User-reported evidence is not independently verified by TVAC, and supporting evidence is not required for an initial assessment.
TA	Transfer Agent.
Tokenization Costs (TC)	The additional costs introduced by tokenization, including structuring, legal work, compliance, integration, platform costs, governance overhead, servicing changes, and operating complexity.
Transfer controls	Rules, permissions, and technical or legal mechanisms governing who may transfer, receive, or hold the token.
Transfer restrictions	Specific limitations placed on secondary transfers, often for regulatory, contractual, or investor-eligibility reasons.
TVAC	Tokenization Value-Add Calculator. A structured decision-support methodology for assessing whether tokenization appears to create net added value in a specific case.

Term	Meaning
Value pathways	The concrete ways in which tokenization might create value in the case, such as improved distribution, lower friction, stronger control, faster settlement, or better collateral use.
Vendor-capture risk	The risk that a structure becomes economically or operationally overly dependent on one platform, provider, or implementation path in a way that shifts value away from the initiating party.
Venue fit	The degree to which the chosen issuance, transfer, trading, or liquidity venue matches the asset, investor scope, regulatory posture, and operating model of the case.
Verified regulatory claim	A versioned statement derived from an identified source and approved for conditional regulatory scoping. It is not a legal opinion or case-specific compliance conclusion.
Viable	A Tokenization Value Verdict indicating that the TVAC methodology identifies a positive tokenization value case under the described structure, subject to validation and disciplined execution. It is not an investment, credit, yield, valuation, legal, tax, or suitability assessment.
Whitelist / Whitelisting	A mechanism for restricting participation or transferability to pre-approved investors, wallets, counterparties, or participants.

Appendix D — Full verbatim case text

Full original free-text case input provided by the user.

We plan to acquire a portfolio of fine art pieces and offer fractional ownership to a global retail audience through NFTs. Marketing would be conducted via social media campaigns, and participation would be open to anyone able to connect a self-custody wallet.

The legal structure is not fully defined. Tokens may represent a mixture of contractual claims, informal profit-sharing promises, and membership rights tied to an offshore holding entity. We do not intend to publish a prospectus or formal disclosure document and prefer minimal onboarding friction.

Tokens would trade continuously on decentralized exchanges with atomic on-chain settlement. Transfers would not be restricted by jurisdiction, and investors would self-custody their tokens.

The business thesis relies on global retail demand, social momentum, and perceived liquidity from DEX trading. However, significant risks include unclear investor protection, cross-border securities law exposure, valuation disputes, provenance challenges, market manipulation, and regulatory enforcement uncertainty. The economic and legal alignment between token holders and the underlying artwork ownership remains structurally ambiguous.

Appendix E – Disclaimer

Disclaimer

This report is provided for informational and decision-support purposes only. It does not constitute legal, regulatory, tax, accounting, investment, valuation, or financial advice, and it should not be relied upon as a substitute for professional advice tailored to the specific facts and circumstances of the case.

TVAC is a structured assessment tool designed to evaluate whether and when tokenization may create added value relative to conventional alternatives. Its outputs reflect a methodology-based analytical framework operating under uncertainty. They are not guarantees of commercial success, feasibility, investor demand, regulatory approval, liquidity, execution quality, budget outcome, or risk reduction.

Any scores, verdicts, scenarios, stakeholder assessments, suggested actions, implementation observations, and roadmap elements in this report are indicative only and depend on the quality, completeness, and interpretation of the input data, as well as on assumptions about structure, jurisdiction, service-provider readiness, market conditions, execution capability, and timing.

Tokenization outcomes can differ materially from this assessment if key conditions change, including legal structuring, investor scope, jurisdiction count, custody model, distribution pathway, settlement design, governance arrangements, servicing readiness, technology integration, cost allocation, evidence quality, or liquidity support.

A TVAC verdict is a tokenization added-value verdict only. It must not be presented or used as investment approval, credit rating, yield validation, issuer endorsement, regulatory approval, due diligence report, or investor recommendation. TVAC does not validate projected returns, coupon payments, credit quality, valuations, legal enforceability, tax treatment, or investor suitability.

This report does not replace formal legal analysis, regulatory review, tax analysis, technical architecture review, cybersecurity review, accounting assessment, operational diligence, commercial validation, or board-level decision processes. Independent advice should always be obtained before any structuring, issuance, distribution, investment, operational, or implementation decision is made.

Neither TVAC nor Astoval assumes responsibility for actions taken on the basis of this report alone. Users remain solely responsible for all commercial, legal, regulatory, operational, and strategic decisions related to any proposed tokenization initiative.

Contact

Astoval

support@astoval.com

tvacai.com

© 2026 Astoval · All rights reserved.