$ARTU: Digital Art Utility Token

The art patronage token to reignite the digital art economy

Abstract

Artulabs Limited is introducing a new utility token "$ARTU", to incentivize reestablishing the original principles and values of digital art. Artacle is calling on digital art collectors, communities, platforms, funds, and influencers to come together and reclaim the digital art space from being affected by speculation to patronage. The token will offer extensive utility, in particular serving as the foundation for digital art index trading. These tradable digital art indices will revolutionize the market, making investing in digital art accessible to everyone and bringing it into the mainstream. $ARTU will become the backbone of a growing digital art ecosystem and the key that unlocks new layers of ownership, curation, and innovation across the digital art economy.

1 Overview – Digital Art As We Understand it

We see three main categories: the iconic CryptoPunks as a standalone phenomenon, generative art, and AI art:

- **Punks**. In debates over whether CryptoPunks qualify as digital art or PFP, we firmly place them within the digital art domain. The launch of Crypto Punks was groundbreaking! It popularised the concept of digital ownership and reinforced the value of scarcity. Each Crypto Punk symbolizes innovation, self-expression, identity and a paradigm shift in how art is created and interpreted.
- **Generative art's** genesis from algorithmic codes that autonomously generate unique and often unpredictable pieces and usually stored as a script on a blockchain, has inspired a new art movement. From Autoglyphs, the pioneering on-chain generative art on Ethereum, to subsequent iterations on pioneering platforms like Art Blocks, artists continue to push boundaries across platforms and blockchains.

- **AI art** that utilizes artificial intelligence (AI) technologies like Machine Learning, GANs, and Diffusion is now offering limitless creative expression and accessibility. It is likely to propel the next wave in the development of digital art.

Usually, each piece of digital art within a collection possesses a unique set of traits, each corresponding to a level of rarity. Despite the space already having established leaders, including artists and platforms and followers, why introduce a token? Simply, MOTIVATION, INCENTIVISATION and new groundbreaking OPPORTUNITIES in the market.

2 Motivation

Digital art is fantastic from every angle. It's attracted newcomers to the art world, allowing them to become co-creators with emotional connections during the minting process, fostering catharsis, crafting new narratives and building communities. It already holds historical significance, regardless of what the future holds. And, of course, it's opened avenues for monetization and provided a dopamine boost. A lot of dopamine!

But there's a catch. Being crypto, once high expectations are set, it demands proper maintenance and scaling to retain attention.

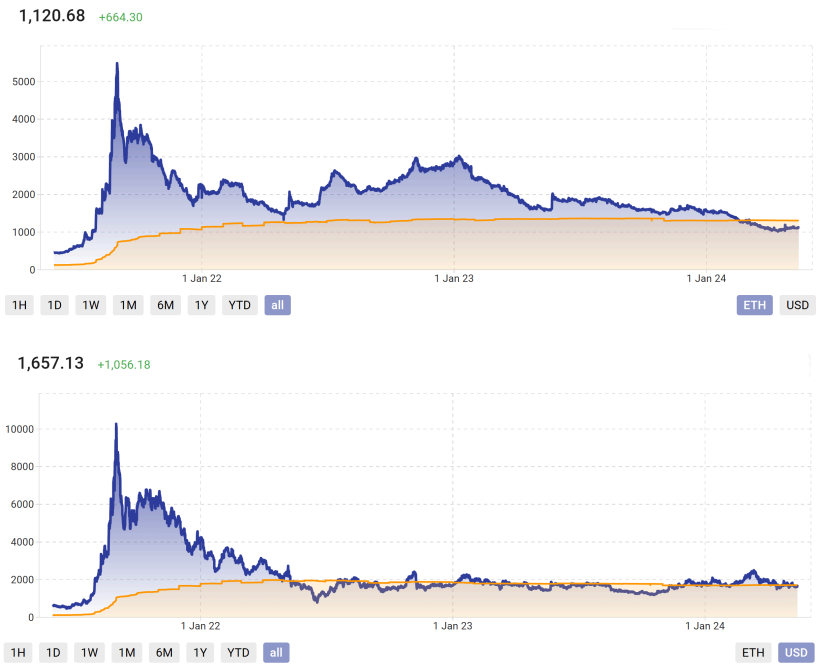


Figure 1: ARTCL generative art index (in ETH and USD).

In 2021, 2022, and 2023, NFT attention and capital were being redistributed within the digital art ecosystem. First came the wave of generative art, followed by the booming popularity of PFPs, and then AI art.

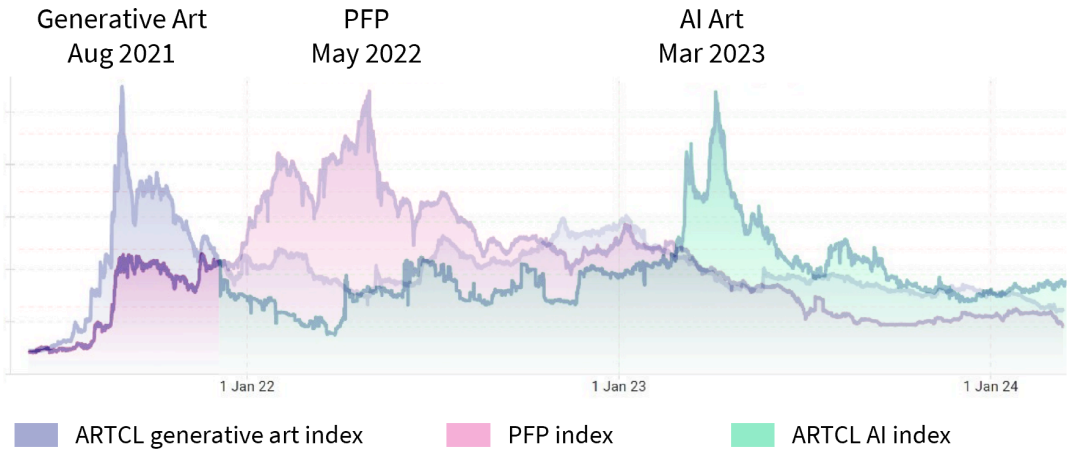


Figure 2: NFT attention changes over years.

Momentum has slowed for various reasons: royalty cancellations, speculative farming, and saturation. And, of course, the cyclical nature of the crypto markets. Another key reason is that leading companies in the digital art space failed to innovate their ecosystems. As a result, attention has been lost and diverted to initiatives offering more transactional utility and a dopamine rush from a "casino" or "lottery" models, that overshadow the undeniable significance of art.

The good news is that the digital art market is far from being dead, it just waits for the next moment. Moreover, it still has amazing people in the space, highly engaged communities and platforms.

- Unique wallets holding at least one piece of digital art are growing and have now reached 118,473 as of Feb 2025 from 83,211 in May 2023.
- The investment in digital art is huge, now reaching USD1.2B USD or 2.4B USD including CryptoPunks.
- Despite the market lull, about 30% of collectors remain in profit.

With community support we want $ARTU to be a catalyst to revitalize the market. Firstly, it will reinforce the original principles of digital art, and secondly, it will enhance the space by making it more equipped and innovative. The goal is to return attention and rekindle interest in assets with high historical significance.

3 Distribution Mechanism

The biggest part of $ARTU will be distributed to the digital art community based on earned art points and their current holdings. Artacle will initially launch two earning use cases: earning points through paid royalties and extended holding. The first airdrop will reward collectors who have paid royalties starting from June 2022, held their digital art tokens for an extended period and who continue to hold.

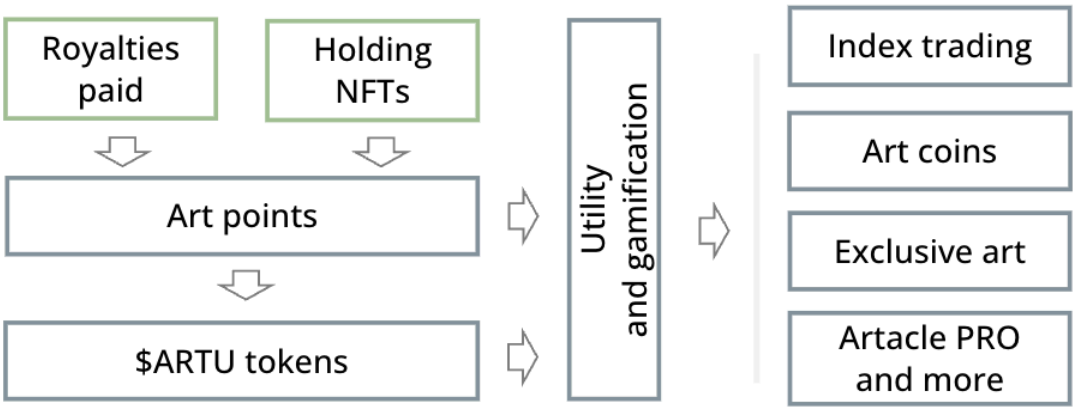


Figure 3: $ARTU incentivization outline.

It should be noted that the token will reward the entire digital art economy, regardless of the NFT marketplace.

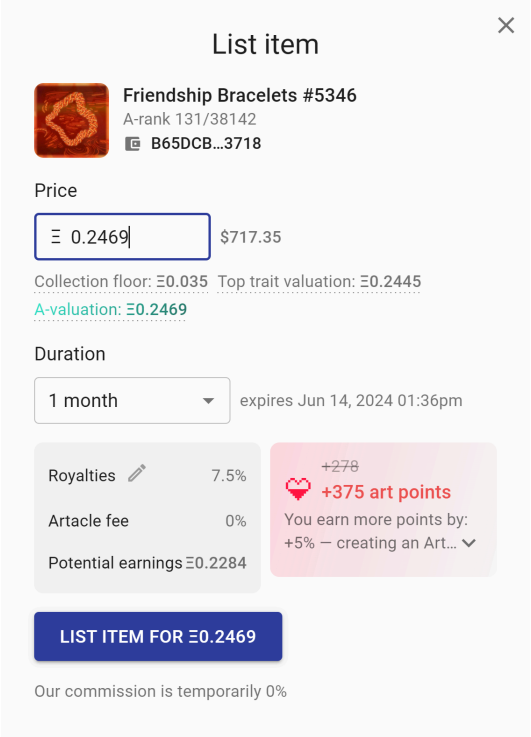


Figure 4: Example of listing with royalties and earning art points.

The table below outlines how art points and $ARTU can be earned by digital art collectors:

Earning art points	Earning $ARTU
Paying royalties when selling digital art	Converting art points
Buying listings paying royalties	Holding digital art
Holding art tokens for extended periods	Holding $ARTU
Holding $ARTU	Holding tradable indices
Minting new digital art	Supplying tokens to liquidity pools
Digital art loans	
Sweeping floors	
Earning campaigns	
Applying multipliers	

Table 1: Earning mechanics.

Both the initial airdrop and post-launch art points earning will be subject to conditions, weights, and multipliers to appropriately stimulate buy-sell actions and incentivize the use of Artacle's product features. Some of these weights and multipliers will be dynamically adjusted to energize the digital art market and promote a win-win behavior.

Initial Airdrop

- Scope: all generative art collections and all AI art collections listed on Artacle that have produced sales since June 2022.
- Threshold for earning points: paid royalties > 0.5% of listing price
- Sellers: earn 90% of art points from a transaction
- Buyer: earn 10% of art points from a transaction

Post-launch

- Scope: all generative art collections listed in ARTCL index and all AI art collections listed in ARTCL AI index.
- Threshold for earning points: paid royalties >=50% from recommended royalties

- Sellers: earn 25% (a variable) of art points from a transaction
- Buyer: earn 75% (a variable) of art points from a transaction
- Artacle PRO: +20%
- Artacle email account: +5%

Limiting art point earnings to digital art collections listed in the indices is one possible solution to the saturation of the digital art market. The inclusion in indices will become a utility for $ARTU holders, who will have the ability to curate which new collections are included. However, this does not mean that any other collections will be excluded from earning points. Additional earning campaigns will be available for those collections.

Recommended royalties are not enforced on the Artacle marketplace to maintain competitiveness. Instead, incentives will be limited, allowing collectors to choose a 'pay less, get less or nothing' approach in terms of earning art points.

The Artacle marketplace implements wash trading controls for specific scenarios. General wash trading is not an issue if royalties are paid. However, when wash trading does not contribute to market growth, such as selling and buying at floor prices to find a balance between paying royalties and points monetization, these actions will be prohibited, and points will not be earned.

A board of advisors has been formed with complementary expertise to identify and incorporate new groups of use cases.

4 Utility

Both art points and $ARTU will offer utility. Users will have the flexibility to decide how to utilize their art points and $ARTU.

Art points utility	**$ARTU utility**
Converting to $ARTU	Collateral for minting index tokens
Exclusive digital artworks	Collateral for minting art coins
Whitelist access to new digital art collections	Artacle PRO membership

Grants to digital art collections	Receiving art patronage tiers
	Creating and curating digital art indices
	Minting exclusive digital artworks
	Curating new world class digital fine art museum
	Art points earning multipliers

Table 2: Utility overview.

While most of the points are self-explanatory, we would like to highlight the role of index trading, art coins and Artacle PRO utility.

Next-gen index tokens

Currently, Artacle offers read-only market indices for generative art, AI art, Art Blocks, and PFP collections, providing efficient tools to monitor market conditions. We will introduce tradable indices, starting with the SEEDPHRASE, ARTCL and ARTCL AI indices. This will mark the launch of the first-ever tradable digital art indices, unlocking a wealth of new opportunities for investors and traders alike. We also call them next-gen tokens with values bound to digital assets.

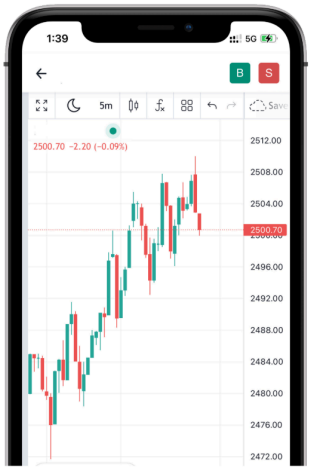


Figure 5: Starting with the SEEDPHRASE tradable index, other indices will follow.

$ARTU will be a core part of new index trading. The token will be used as a collateral to issue new index tokens. In the system, users can mint synthetic index tokens (such as $SEEDPHRASE or $ARTCLAI) by locking $ARTU as collateral. Each index token represents the value of a specific digital art index, such as SEEDPHRASE index. To ensure stability, minters must maintain a collateral ratio (CR), meaning they need to deposit more $ARTU than the value of the index tokens they mint. If the collateral ratio drops below the liquidation threshold, the system liquidates part of their collateral to cover the debt.

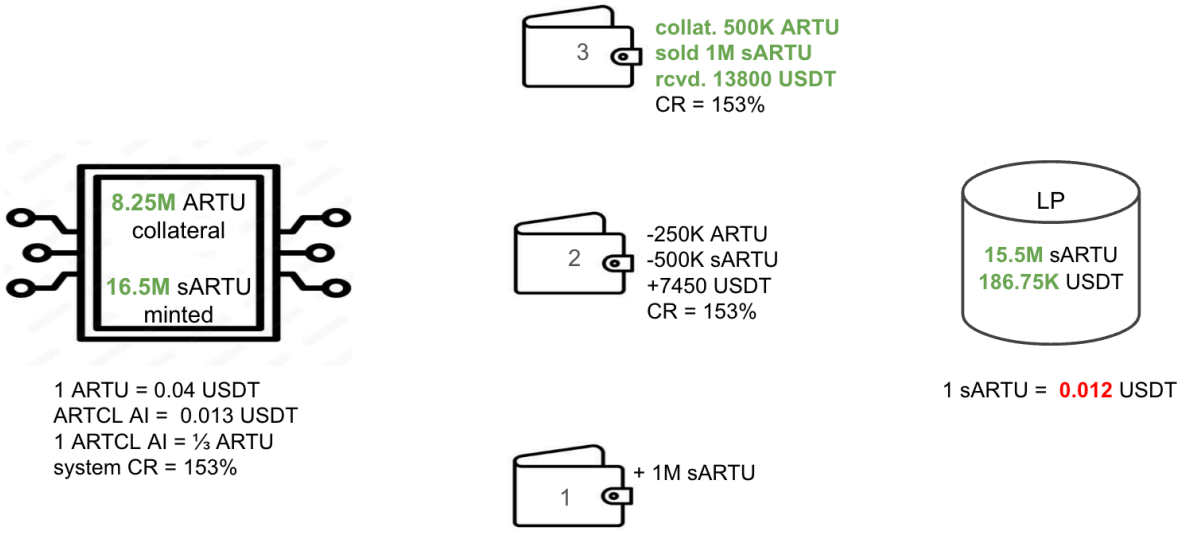


Figure 6: User 3 mints and sells more indices, leading to a decrease in the index price.

Traders can buy and sell index tokens on exchanges, profiting from price deviations between the index token price and the underlying index value. Arbitrage opportunities arise when an index token trades at a discount or premium relative to the index. If an index token is undervalued on exchanges, traders can buy it at a lower price and redeem it for $ARTU at the system rate, making a profit from the difference. Conversely, if an index token is overvalued, users can mint new index tokens by depositing $ARTU, sell it on exchanges, and later buy it back at a lower price to repay their debt. This arbitrage mechanism helps keep index tokens aligned with the underlying index while providing profit opportunities for traders.

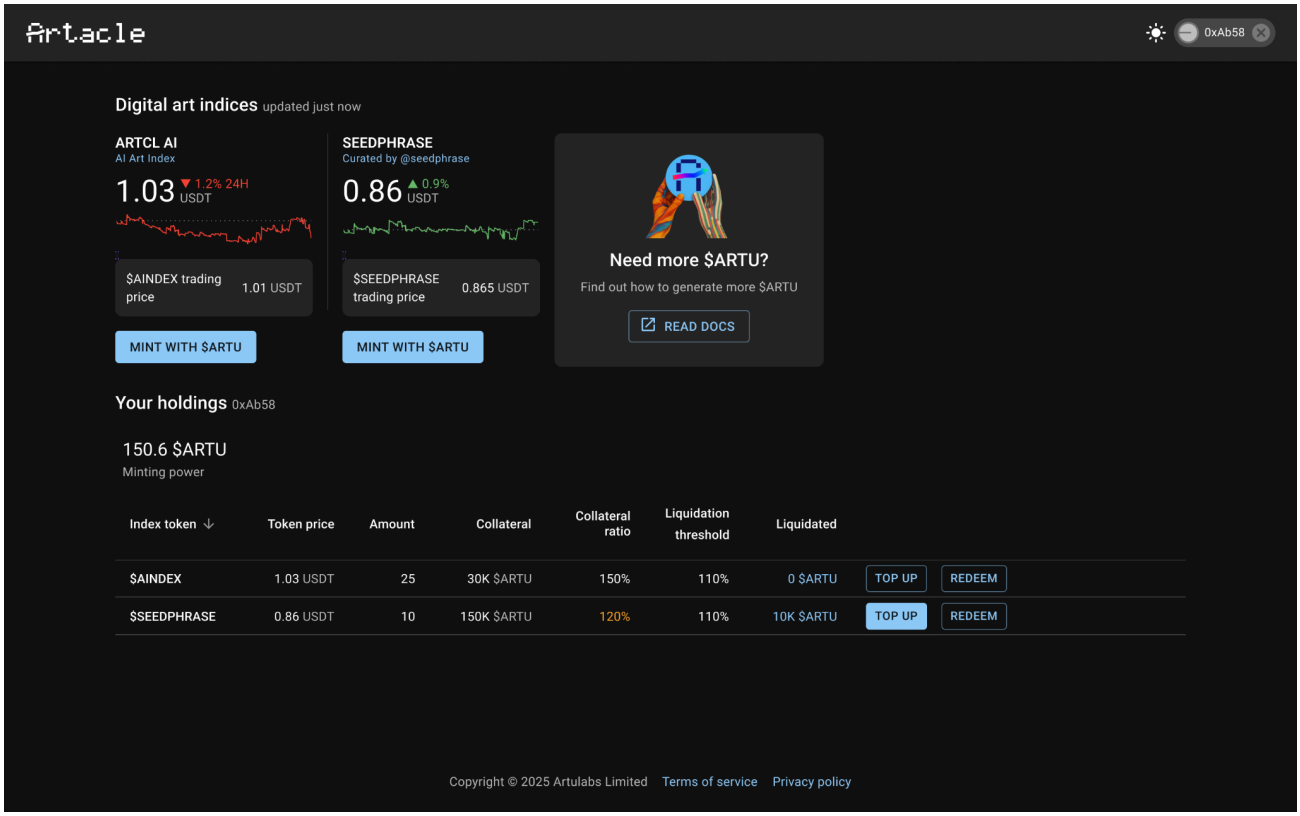


Figure 7: User interface example for minting next-gen index tokens using $ARTU.

Art coins

Art coins function similarly to index-based synthetic assets but are tied to the value of a specific artist or collection rather than a broad market index. These tokens reflect the demand and market performance of a particular artist's digital artworks, allowing collectors and investors to gain exposure to an artist's success without purchasing individual pieces.

For example, an XCOPY coin could track the market performance of artworks by XCOPY, a crypto artist known for his glitchy, dystopian aesthetic. Similarly, a William Mapan Coin could represent the value of works by William Mapan, a leading figure in generative art. These tokens can be minted using $ARTU as collateral, traded on decentralized exchanges, and redeemed under predefined conditions.

Since buying digital art from top artists can be expensive, it may be inaccessible to many retail investors. Art coins solve this problem by offering

exposure to an artist's market performance, allowing a larger audience to participate in the digital art economy. This makes investing in high-value artists more affordable and can attract a broader user base, increasing liquidity and engagement in the space.

This structure elevates art coins as meaningful assets, directly tied to cultural and artistic significance, far surpassing the fleeting novelty of meme coins.

Artacle PRO

Increasingly, Artacle's analytical functions will be transitioned to the PRO subscription. This will encourage digital art collectors and investors to spend their art points for subscriptions. As a result, more users will become better equipped and informed about market indicators, valuations, rankings, and collecting strategies. This is expected to promote responsible behavior that will ultimately benefit the digital art space by fostering a more professional environment.

5 Tokenomics

$ARTU will be a multi-chain token, initially launching on Base L2 and later expanding to the Solana. The total supply of the token will be 2,711,201,612. This number has a special meaning for the community.

Figure 6: Chromie Squiggle #0 minted on 27.11.20 at 16:12 UTC.

Tokens will be gradually and linearly unlocked (vested) over 4 years for all groups of recipients, with distribution to individual recipients within 5 years post-launch. Some of the unlocked but undistributed tokens will be held in designated treasuries, such as the Community Treasury and Contributor Treasury, until finally distributed.

Despite the linear vesting schedule, early participants will be getting more $ARTU through holding rewards and elevated APRs, which will be factored into future distributions.

There are four main groups of token receivers:

- **51% (1,382,712,822)** of the tokens will be allocated to digital art community members. Of this, 11% will be airdropped and immediately claimable by eligible participants in the initial airdrop, including early product contributors. The remaining 40% will be earned and airdropped post-launch over multiple iterations.
- **29% (786,248,467)** will be allocated for liquidity ($ARTU and index tokens liquidity), product development, past and future contributors including the development team and use case partners.
- **15% (406,680,241)** will be allocated to seed and post-seed investors.

- **5% (135,560,081)** will be allocated to advisors and partners. This group, composed of highly experienced digital art experts, will assist in developing use cases and enhancing the utility of art points and $ARTU, to ensure the benefits for the digital art economy.

Distributions will be subject to a 6-month cliff period, except for the initial airdrop, which will be available to recipients immediately, and liquidity that will power the economy.

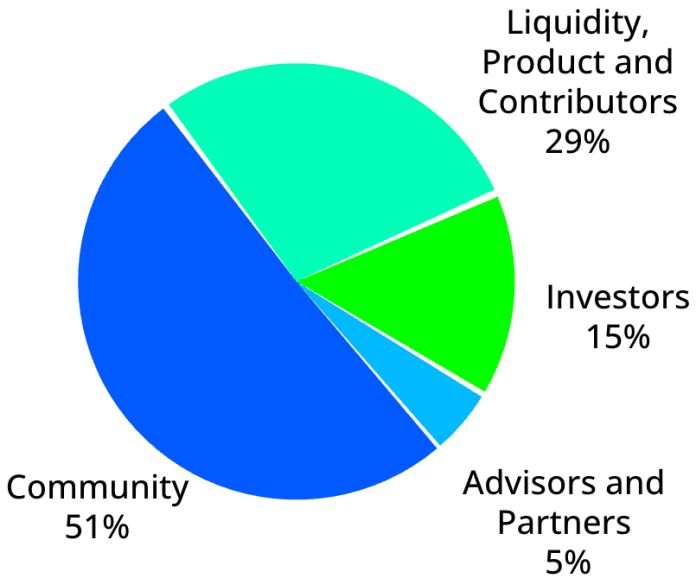


Figure 7: Preliminary $ARTU allocation.

Note: The tokenomics are still subject to change.

6 Technology

Artacle has been around for 4 years and built as a unique and comprehensive technological IP. We love digital art and back in Aug 2021 we decided to start analyzing digital art and launched our artacle.io platform.

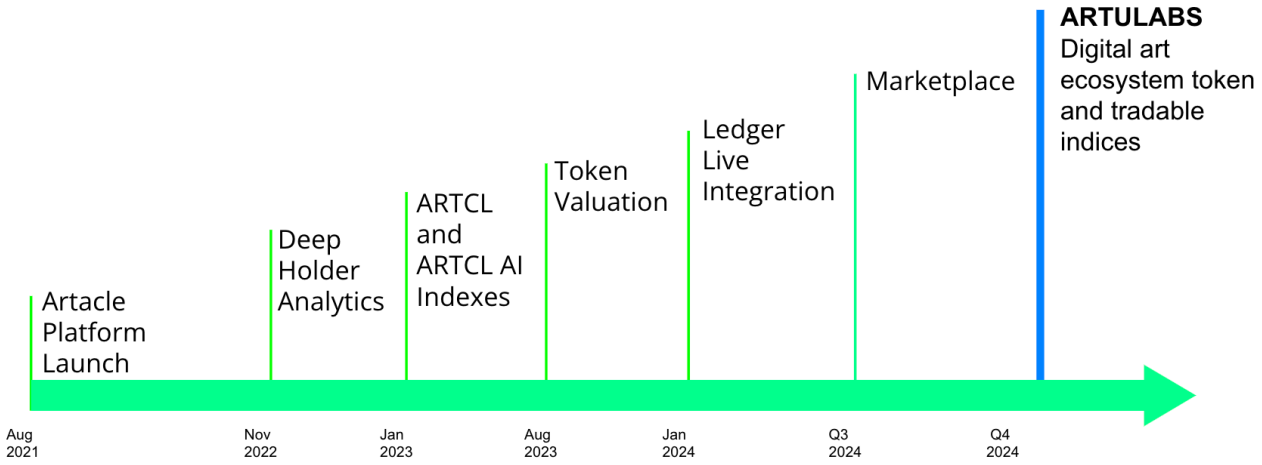


Figure 8: Artacle journey.

Having established ourselves as a leading aggregator of data and insights in digital art, we now aim to become the 'Bloomberg' of the digital art world. Launching $ARTU and the marketplace supports and enhances the market we are developing and aligns with our vision.

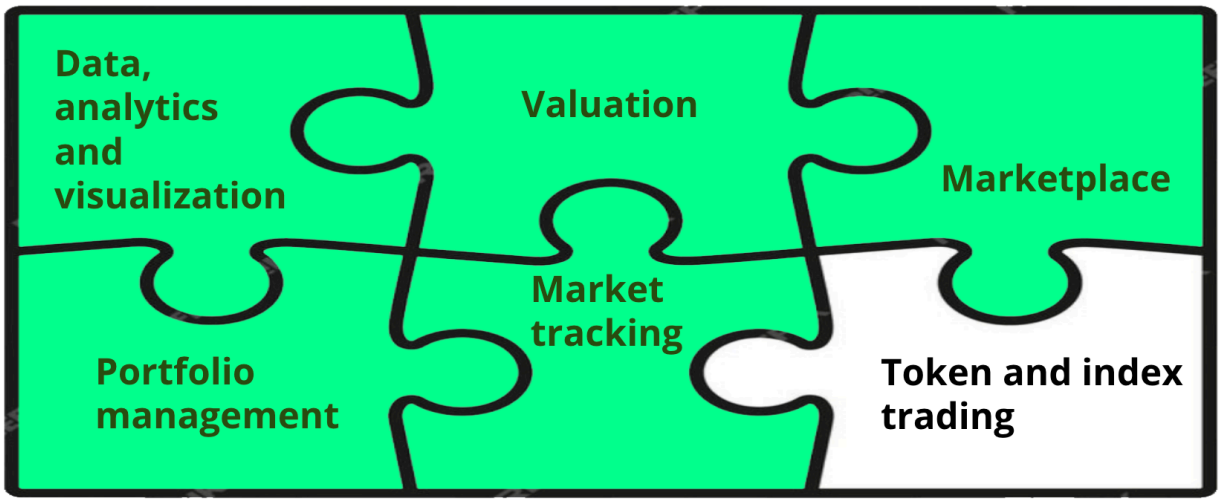


Figure 9: Assembling the Bloomberg of Digital Art.

Here are several examples showcasing the platform's look and feel:

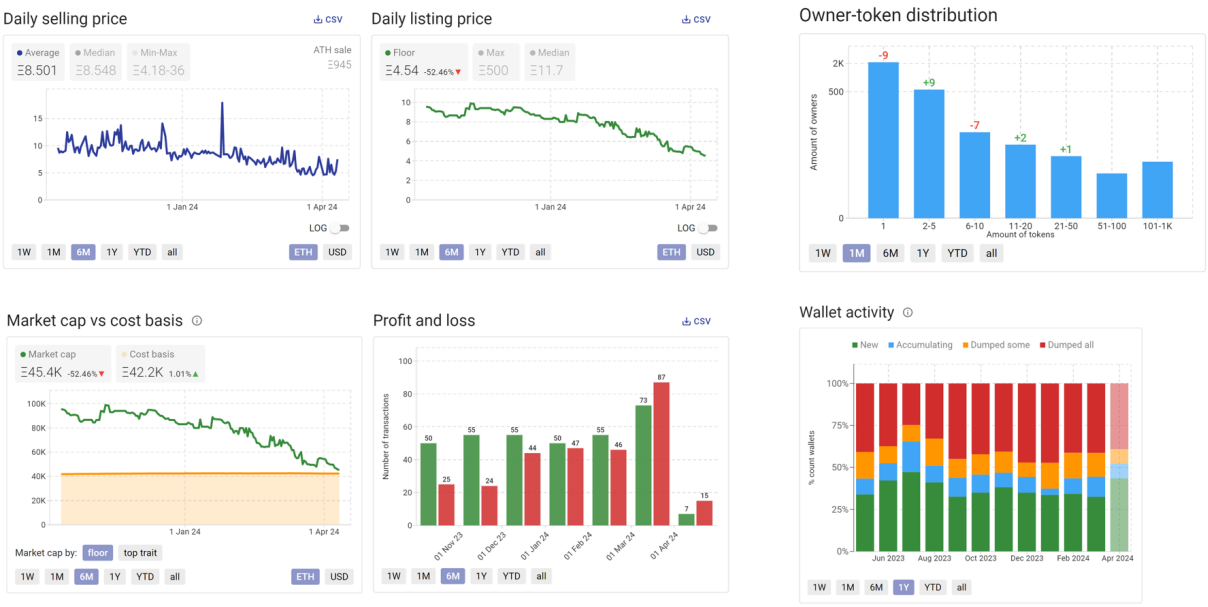


Figure 10: Comprehensive digital art analytics.

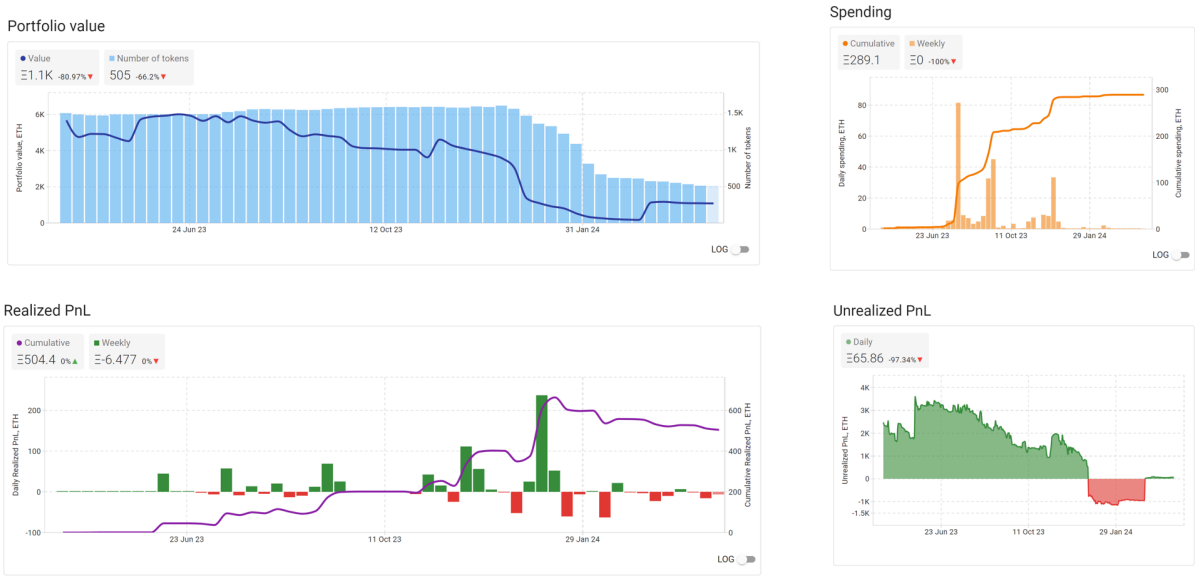
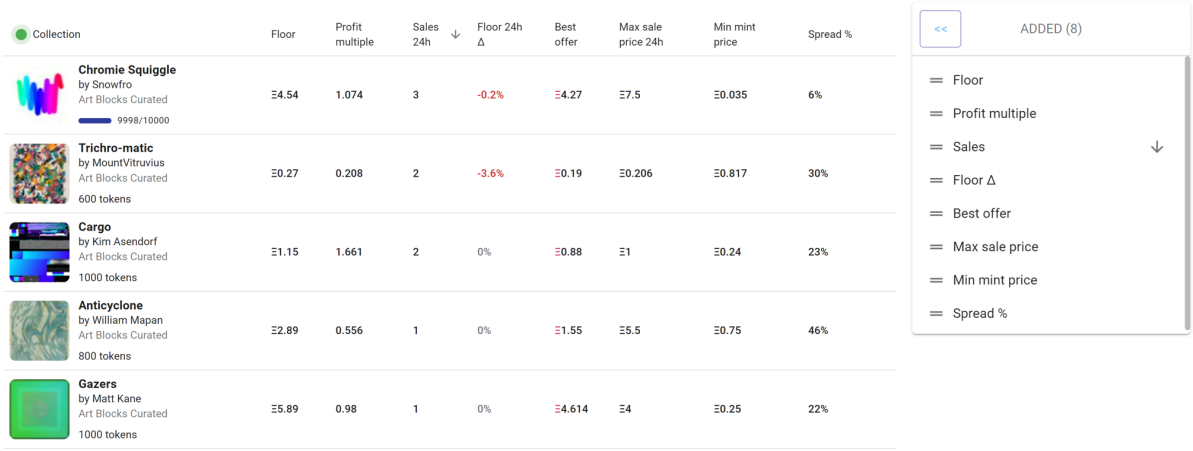


Figure 11: Portfolio management



Collection	Floor	Profit multiple	Sales 24h	Floor 24h Δ	Best offer	Max sale price 24h	Min mint price	Spread %
Chromie Squiggle by Snowfro, Art Blocks Curated, 9998/10000	Ξ4.54	1.074	3	-0.2%	Ξ4.27	Ξ7.5	Ξ0.035	6%
Trichro-matic by MountVitruvius, Art Blocks Curated, 600 tokens	Ξ0.27	0.208	2	-3.6%	Ξ0.19	Ξ0.206	Ξ0.817	30%
Cargo by Kim Asendorf, Art Blocks Curated, 1000 tokens	Ξ1.15	1.661	2	0%	Ξ0.88	Ξ1	Ξ0.24	23%
Anticyclone by William Mapan, Art Blocks Curated, 800 tokens	Ξ2.89	0.556	1	0%	Ξ1.55	Ξ5.5	Ξ0.75	46%
Gazers by Matt Kane, Art Blocks Curated, 1000 tokens	Ξ5.89	0.98	1	0%	Ξ4.614	Ξ4	Ξ0.25	22%

Figure 12: Customizable dashboards.

Figure 13: Market indices.

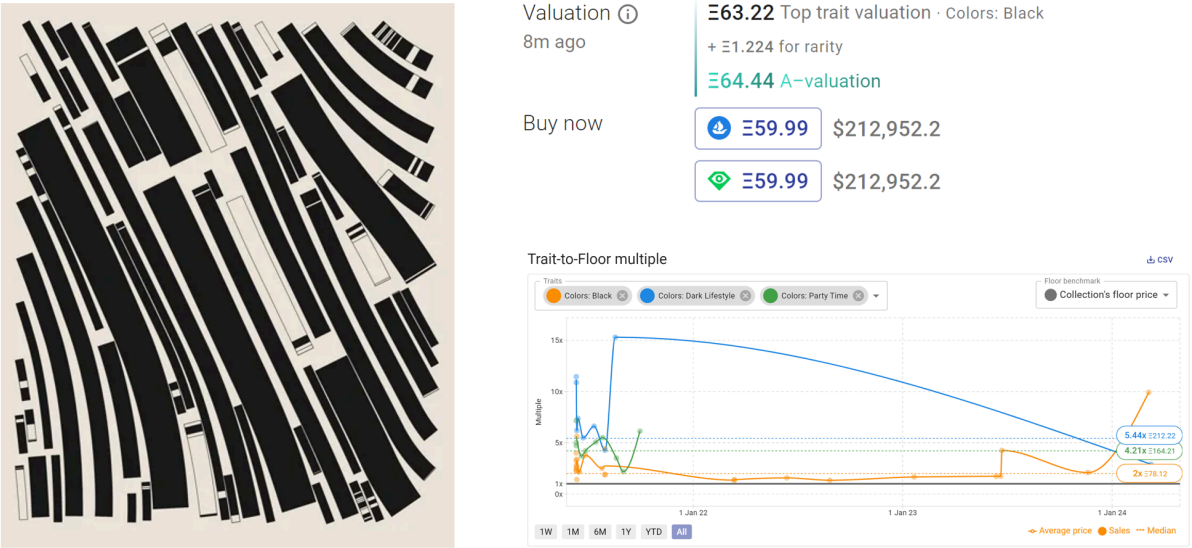


Figure 14: Token and trait valuation.

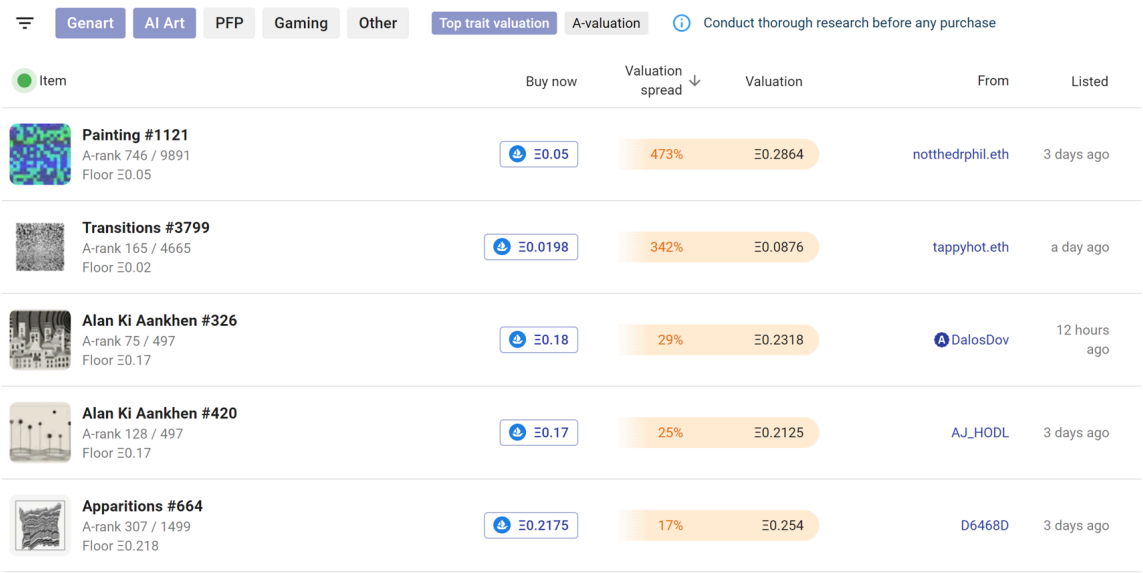
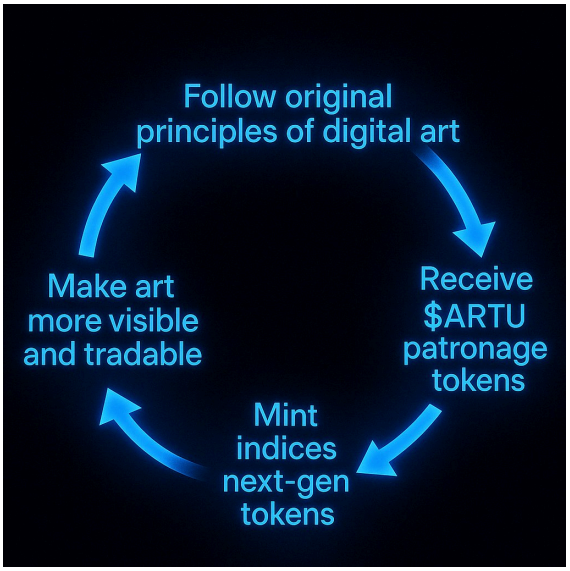


Figure 15: Best listings feed.

7 Summary

1. Artacle is launching $ARTU as a digital art ecosystem catalyst,
2. The market is idle but can be reignited. Each holder will benefit from the launch,
3. The new framework will be extendable with new use cases, and
4. It includes tradable digital indices and art coins - next-gen tokens bound to values of digital assets,
5. It will attract new players and liquidity to the digital art space, it will upgrade the economy …

… MAKING DIGITAL ART MORE INNOVATIVE, ACCESSIBLE FOR ALL AND JOYFUL!