

HT BLOCKCHAIN BI-WEEKLY NEWSLETTER

Editor's Note

Date 18th October 2021

Edition 1, Volume 9

Dear Readers,

This is the last article to be published in this edition of the HT Blockchain Bi-Weekly Newsletter. However, you will still be able to get your fix of Fintech content.

In January 2022, the School of Business and Technology will begin publication of a

new monthly Fintech newsletter which will have content on other exciting business technologies beyond the blockchain. I hope you are as excited for this as I am!

I and the other article writers (Dr. Bonyuet and Dr. Okpalaeze) would like to



Yadricia Jimenez

Every bitcoin is worth as much as every other bitcoin. However, NON-FUNGIBLE TOKENs (NFT) are all unique. An NFT is used to authenticate the ownership of a digital assets.

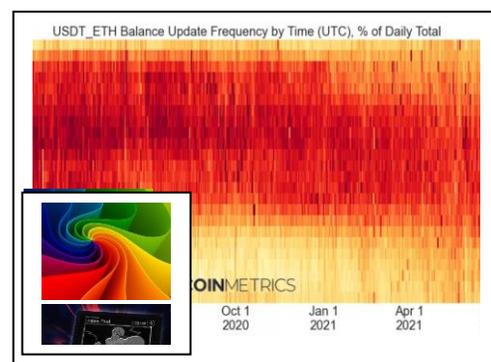
thank you once again for your kind support of the HT Blockchain Newsletter so far. Please consider completing the post-article survey to let us know how much you enjoyed this week's article.

The winner from the last post-article survey was Yadricia Jimenez. Yadricia

is an undergraduate Adult Degree Program (ADP) Psychology major here at HT. Congratulations Yadricia!

Editor:

Dr. Abena Primo from the School of Business & Technology



HOW DO YOU CREATE AN NFT?

By Dr. Azubike Okpalaeze

Non-Fungible Tokens (NFTs) are a special kind of crypto-asset in which each token is unique, as opposed to “fungible” assets like Bitcoin and dollar bills which are worth exactly the same amount. Because every NFT is unique, they can be used to decipher the ownership of digital assets like artworks, recordings, and virtual real estate or pets. Questions? Email the author at adokpalaeze@htu.edu.



Non-fungible tokens (NFTs), which are unique collectible crypto assets, have been around as early as 2012 when the concept of Bitcoin Colored Coins first emerged. These coins were simply Satoshis – small fractions of a bitcoin – marked, or “colored in” with distinct information that could link the coins to real-world assets, such as “this Satoshi represents \$500 of John Doe’s New York office building.” For the most part, however, Colored Coins were used to create and trade artwork like “Rare Pepe” digital cards on Counterparty, a peer-to-peer trading platform built on top of Bitcoin’s blockchain.

NFTs can be used to represent virtually any type of real or intangible item, including:

Artwork: Virtual items within video games such as skins, virtual currency, weapons, and avatars

Music: Music Collection

Collectibles: (e.g. digital trading cards)

Tokenized: real-world assets, from real estate and cars to racehorses and designer sneakers

Virtual land: acquisition of virtual land that exists solely within fictional worlds created by video game developers

Video footage of iconic sporting moments

How to create NFTs

Creating your own NFT artwork, whether it be a GIF or an image, is a relatively straightforward process and doesn’t require extensive knowledge of the crypto industry. NFT artwork can also be used to create collectibles like sets of digital cards.

Before you start, you will need to decide on which

blockchain you want to issue your NFTs. Ethereum is currently the leading blockchain service for NFT issuance. However, there is a range of other blockchains that are becoming increasingly popular, including:

Binance Smart Chain; Flow by Dapper Labs; Tron; EOS; Polkadot; Tezos; Cosmos; WAX.

Each blockchain has its own separate NFT token standard, compatible wallet services and marketplaces. For instance, if you create NFTs on top of the Binance Smart Chain, you will only be able to sell them on platforms that support Binance Smart Chain assets. This means you wouldn’t be able to sell them on something like VIV3 – a Flow blockchain-based marketplace – or OpenSea which is an Ethereum-based NFT

marketplace. Since Ethereum has the largest NFT ecosystem, here's what you'll need to mint your own NFT artwork, music or video on the Ethereum blockchain. The main Ethereum NFT marketplaces include: OpenSea, Rarible, Mintable.

Makersplace also allows you to create your own NFTs but you have to register to become a listed artist on the platform beforehand.

How Is an NFT Different from Cryptocurrency?

NFT stands for non-fungible token. It's generally built using the same kind of programming as cryptocurrency, like Bitcoin or Ethereum, but that's where the similarity ends. NFTs are different. Each has a digital signature that makes it impossible for NFTs to be exchanged for or equal to one another (hence, non-fungible). One NBA Top Shot clip, for example, is not equal to EVERYDAYS simply because they're both NFTs. (One NBA Top Shot clip isn't even necessarily equal to another NBA Top Shot clip, for that matter.)

What Are NFTs Used For?

Blockchain technology and NFTs afford artists and content creators a unique opportunity to monetize their wares. For example, artists no longer have to rely on galleries or auction houses to sell their art. Instead, the artist can sell it directly to the consumer as an NFT, which also lets them keep more of the profits. In addition, artists can program in royalties, so

they'll receive a percentage of sales whenever their art is sold to a new owner. This is an attractive feature as artists generally do not receive future proceeds after their art is first sold.

How do NFTs work?

At a very high level, most NFTs are part of the Ethereum (ETH) blockchain. Ethereum is a cryptocurrency, like bitcoin or dogecoin, but its blockchain also supports these NFTs, which store extra information that makes them work differently from, say, an ETH coin. It is worth noting that other blockchains can implement their own versions of NFTs. (Some already have.)

What's worth picking up at the NFT supermarket?

NFTs can really be anything digital (such as drawings, music, your brain downloaded and turned into an AI), but a lot of the current excitement is around using the tech to sell digital art. Anyone can view the individual images—or even the entire collage of images online for free. So why are people willing to spend millions on something they could easily screenshot or download? It is because an NFT allows the buyer to own the original item. Not only that, it contains built-in authentication, which serves as proof of ownership. Collectors value those “digital bragging rights” almost more than the item itself.

Do people really think this will become like art collecting?

I'm sure some people really hope so — like whoever paid almost \$390,000 for a 50-second video by Grimes or the person who paid \$6.6 million for a video by Beeple. Actually, one of Beeple's pieces was auctioned at Christie's, the famous. But NFTs are designed to give you something that can't be copied: ownership of the work (though the artist can still retain the copyright and reproduction rights, just like with physical artwork). To put it in terms of physical art collecting: anyone can buy a Monet print. But only one person can own the original.

So, every NFT is unique?

In a technical sense every NFT is a unique token on the blockchain. But while it could be like a van Gogh, where there's only one definitive actual version, it could also be like a trading card, where there's 50 or hundreds of numbered copies of the same artwork. Art isn't the only way to make money with NFTs. Brands like Charmin and Taco Bell have auctioned off themed NFT art to raise funds for charity. Charmin dubbed its offering “NFTP” (non-fungible toilet paper), and Taco Bell's NFT art sold out in minutes, with the highest bids coming in at 1.5 wrapped ether (WETH)—equal to \$3,723.83 at time of writing. Nyan Cat, a 2011-era GIF of a cat with a pop-tart body, sold for nearly \$600,000 in February. And NBA Top Shot generated more than

\$500 million in sales as of late March. A single LeBron James highlight NFT fetched more than \$200,000. Even celebrities like Snoop Dogg and Lindsay Lohan are jumping on the NFT bandwagon, releasing unique memories, artwork and moments as securitized NFTs.

Who would be the Buyers?

Well, that's part of what makes NFTs so messy. Some people treat them like they're the future of fine art collecting (read: as a playground for the mega-rich), and some people treat them like Pokémon cards (where they're accessible to normal people but also a playground for the mega-rich). Speaking of Pokémon cards, Logan Paul just sold some NFTs relating to a million-dollar box of the— your text here. Add your text here. Add your text here. Add your text here.

Where can I Buy?

There are several marketplaces that have popped up around NFTs, which allow people to buy and sell. These include OpenSea, Rarible, and Grimes' choice, Nifty Gateway, but there are plenty of others. If you're keen to start your own NFT collection, you'll need to acquire some key items: First, you'll need to get a digital wallet that allows you to store NFTs and cryptocurrencies. You'll likely need to purchase some cryptocurrency, like

Ether, depending on what currencies your NFT provider accepts. You can buy crypto using a credit card on platforms like Coinbase, Kraken, eToro and even PayPal and Robinhood now. You'll then be able to move it from the exchange to your wallet of choice.

You'll want to keep fees in mind as you research options. Most exchanges charge at least a percentage of your transaction when you buy crypto.

CONCLUSIONS

NFTs are risky because their future is uncertain, and there is not yet a lot of history to judge their performance. "NFTs are so new, it may be worth investing small amounts to try it out for now. In other words, investing in NFTs is a largely personal decision. If you have money to spare, it may be worth considering, especially if an art piece holds meaning for you. But keep in mind, an NFT's value is based entirely on what someone else is willing to pay for it. Therefore, demand will drive the price rather than fundamental, technical, or economic indicators, which typically influence stock prices that forms the basis for investor demand. This means that

an NFT may sale for less than you paid for it. Or you may not be able to resell it at all if no one wants it. NFTs are also subject to capital gains taxes just like when you sell stocks at

Popular NFT Marketplaces

- OpenSea.io: This peer-to-peer platform bills itself a purv collectibles."
- Rarible: Similar to OpenSea, Rarible is a democratic, open creators to issue and sell NFTs.

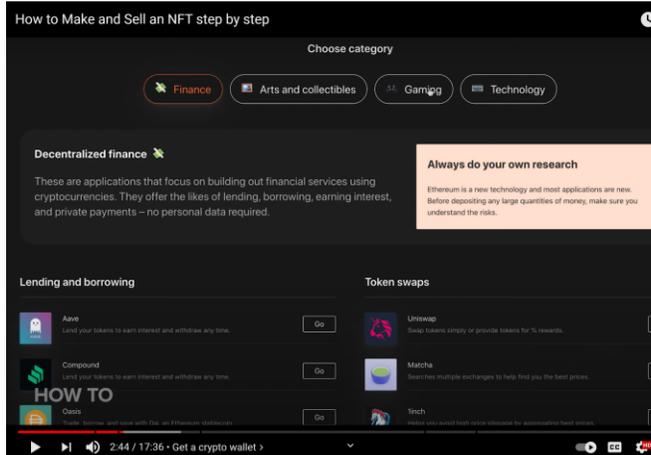
a profit. Since they're considered collectibles, however, they may not receive the preferential long-term capital gains rates stocks do and may even be taxed at a higher collectibles tax rate, though the IRS has not yet ruled what NFTs are considered for tax purposes. Bear in mind, the cryptocurrencies used to purchase the NFT may also be taxed if they've increased in value since you bought them, meaning you may want to check in with a tax professional when considering adding NFTs to your portfolio. That said, approach NFTs just like you would any investment: Do your research, understand the risks, including that you might lose all of your investing dollars and if you decide to take the plunge, proceed with a healthy dose of caution.

How to Create an NFT Account:

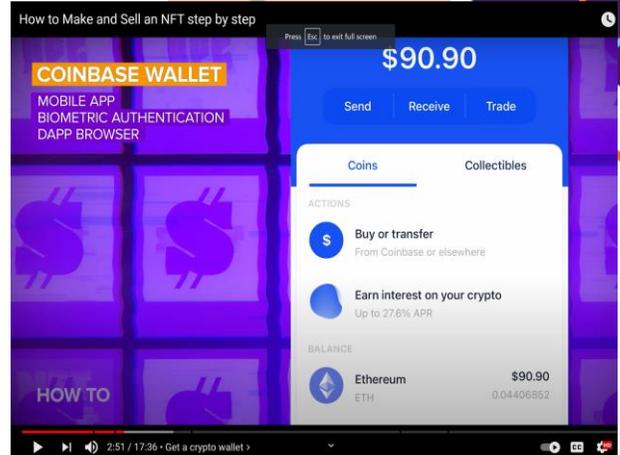
https://www.youtube.com/watch?v=bBKUU2_0uh4

“Disclaimer: Just like any investment, you might lose money, tokens, etc. Thus, you are advised to be cautious.”

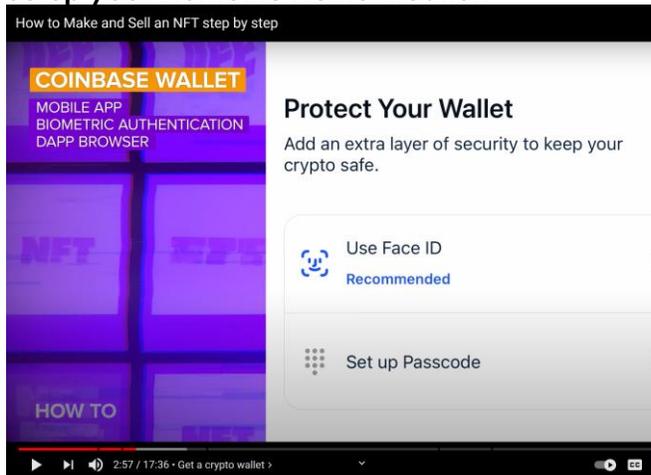
1. Create a Wallet



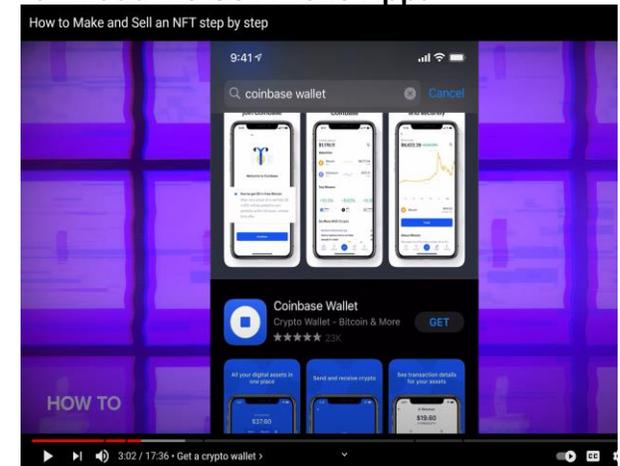
2. Choose a Transaction



3. Setup your Biometric Authentication



4. Download the Cell Phone Apps



5. Ethereum (ETH)



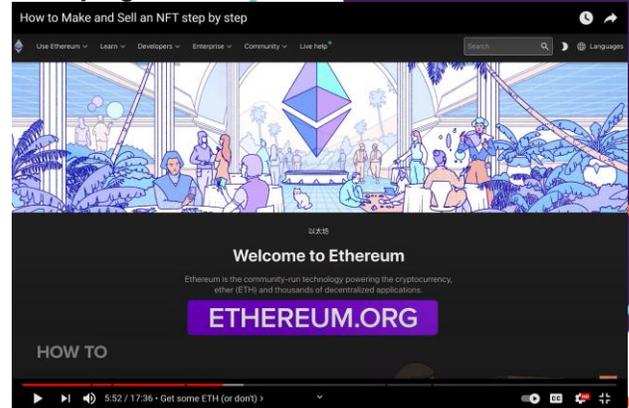
6. Ether



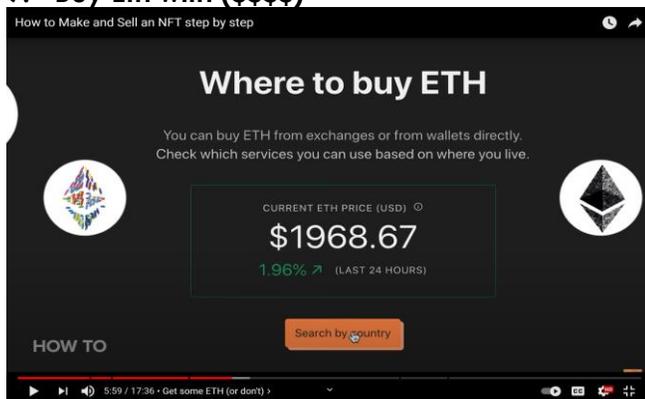
7. NFT Blockchains



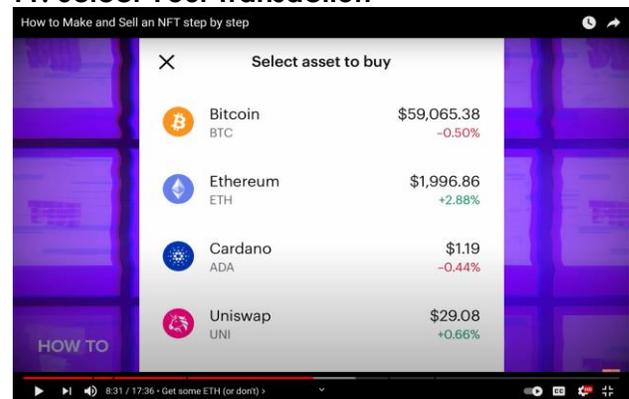
8. Buying



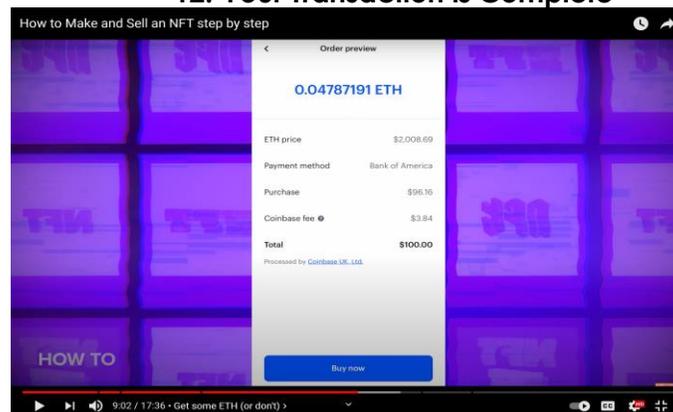
9. Buy Eth with (\$\$\$\$)

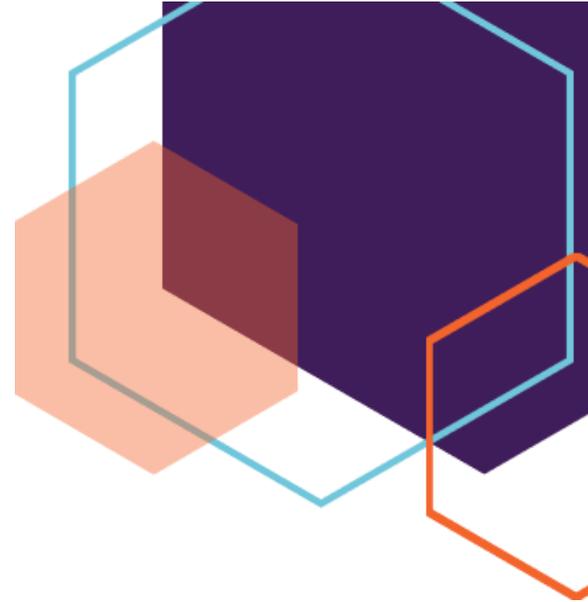


10. 11. Select Your Transaction



12. Your Transaction is Complete





Did you enjoy this article? Please let us know by following the link below and completing a short survey about this article. Survey participants will be entered on a draw to receive a \$50 gift card. The next gift card winner will be contacted by email.

[Survey Link](#)

Previous Winner: Yadricia Jimenez

This project was generously sponsored by the FinTech Center at Morgan State University. If you have any questions or concerns, please contact Dr. Abena Primo (email: acprimo@htu.edu).

