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Nonfungible Tokens (NFT)
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Just when you thought you could not absorb one more financial industry acronym, the industry delivers the Nonfungible Token (NFT). NFTs are a cryptoassets where each asset is assigned a token. A fungible asset would be defined by a value that is defined across the asset class, similar to how a commodity or currency is valued. The NFT is used to authenticate digital assets such as domain names, collateral on investments, artwork, collector's items, or real estate. Owners of the NFT do not necessarily receive the asset reflecting the token, rather, the owner receives a token demonstrating that the owner of the asset is the "real" owner. An NFT, then, is like a certificate of authenticity. Sale of the NFT occurs peer to peer versus through an intermediary.

- In 2021, Christie's auctioned a collection of digital artwork of Mike Winkelmann resulting in a sales price of $69mm (Coinbase)
- NFTs are currently used to sell virtual sports trading cards, music clips, video art, memes, tweets, and virtual real estate
- NFTs are stored on blockchain technology such as Ethereum
- NFTs also have the ability to generate royalties paid out to the creator of the NFT
- There have been notable scandals involving the sale or transfer of fraudulent NFTs, so they are not without inherent risk, in addition to the background of rising asset prices generally.