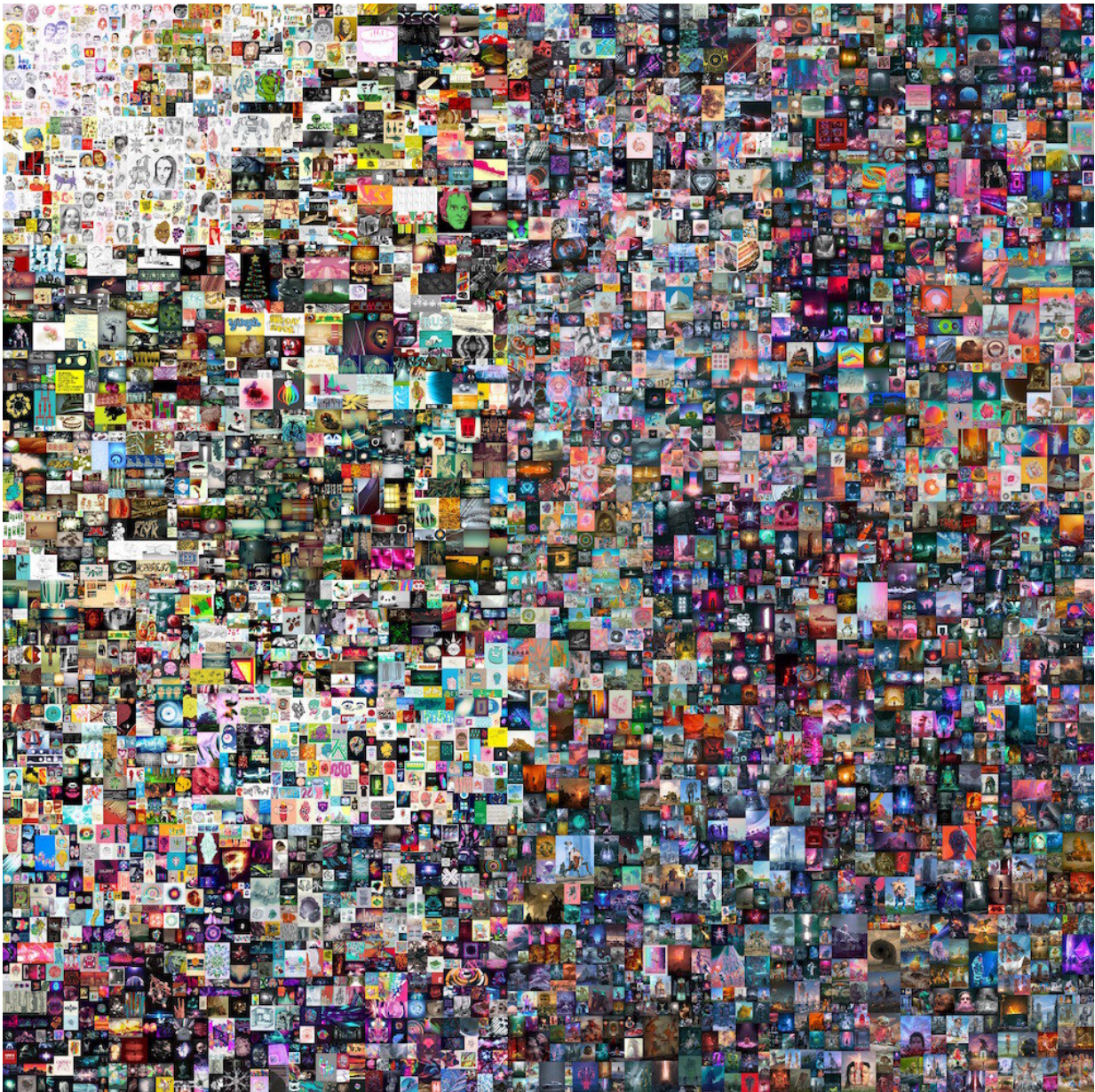


What is an NFT? Non-fungible tokens explained

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Beeple's collage, *Everydays: The First 5000 Days*, sold at Christie's. Credit: Beeple

Have you seen the word "NFT" spinning around the internet lately, and found yourself completely confused as to what everyone's talking about?

We're here to help.

What is an NFT?

An NFT is a non-fungible token. Non-fungible, in this context, means that it's unique and (literally) irreplaceable.

In practice, NFTs can be any sort of digital item that someone might want to own, such as a piece of music or a painting. (Graphic designer Beeple just sold an NFT artwork at a Christie's auction for an unheard-of \$69 million.)

It can even be a tweet, like Twitter founder Jack Dorsey's first one, which just sold for nearly 3 million dollars.

How do NFTs work?

Most NFTs are part of the blockchain of the Ethereum cryptocurrency. When you buy one using cryptocurrency, you can verify on the blockchain that you are sole owner of that work: no one can undo your ownership of an NFT or re-create the exact same one that you have.

NFTs are like unique collectible cards that anyone can look at, but that only one person can own at any particular time. (While the image or audio that an NFT represents is obviously infinitely reproducible, the

proof of purchase seals the NFT itself as being under the sole ownership of the buyer.)

How long have NFTs been around?

The concept of NFTs can be traced back to 2012, when multiple cryptocurrency researchers started talking about the concept of [unique "colored" bitcoins](#) that would have their own unique value apart from the fixed price of each individual bitcoin. In their more current form, NFTs have existed since at least 2017, with the emergence of [CryptoPunks](#) and [CryptoKitties](#). Many of the first generation of these NFTs have sold for at least six figures, including \$760,000 for a rare CryptoPunk called "Alien."

Why would I buy an NFT?

Like a stock or any other investment, NFT prices can fluctuate and make some people a lot of money. Because of the scarce nature of NFTs and the high demand from early-adopting investors, gamers and collectors, these days people are often willing to pay large sums of money for them.

Should I buy an NFT?

It depends. It's a risky investment that can fluctuate widely, just like baseball cards, paintings or, indeed, cryptocurrencies themselves.

If you do plan to invest in NFTs, you should bone up on the particular NFT markets you're exploring. Like any investment area, you'll need to think strategically and follow trends that often change rapidly. Yes, it's possible to earn money through NFT investment, but you have to do your homework.

How do I buy an NFT?

If you're interested in diving, you should first figure out a few things:

What marketplace to buy your NFT from

Options include [OpenSea](#), [Mintable](#), Nifty Gateway, [Rarible](#), and topic-specific spaces like [NBA Top Shot](#) and Valuables (for [Tweets](#)).

Which "digital wallet" you need in order to store your NFT

A wallet is where you keep your digital money, as well as your identifiers and credentials. It's basically the portal that lets you access and interact with blockchain.

The most popular wallets for NFTs are [MetaMask](#), [TrustWallet](#), [Dapper](#) and [MyEtherWallet](#), which is compatible with hardware wallets like [Ledger](#) and [Trezor](#).

What kind of cryptocurrency you'll use to buy your NFT

The vast majority of NFTs right now are bought using [Ethereum](#), but other cryptocurrencies are also starting to develop the capacity for them.

How do I make my own NFT?

To make an NFT you need a [digital wallet](#), a small purchase of ethereum and a connection to an NFT marketplace.

Provided by Massachusetts Institute of Technology

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