Curious About NFTs? Here's an Introduction - Video Script

An NFT is a unique digital asset. It stands for non-fungible token.

As the digital world expands, digital collectibles are being turned into NFTs and traded by collectors. These include images, videos, music, trading cards, sports memorabilia, virtual property in gaming worlds, tweets, gifs, and even viral memes.

Minting and selling NFTs helps artists, musicians, and digital media companies to monetize and control the use of their creations.

NFTs are verified by blockchain, the underlying record-keeping technology used to authenticate their originality and ownership.

NFTs are typically purchased with cryptocurrency, which must first be acquired from a crypto exchange or brokerage and held in a digital wallet. The digital wallet is then connected to one of many online NFT marketplaces, where individual items are auctioned or sold at a flat rate. After an NFT is purchased, it's kept in the owner's digital wallet.

The largest NFT marketplaces offer a broad variety of collectibles, while others sell only specific types, such as those related to art, music, or sports.

Most NFTs are traded on the Ethereum blockchain platform using its native currency, Ether. However, some marketplaces may accept other forms of payment.

As an avid music, sports, or pop-culture fan, you might relish the opportunity to support the work of people you admire by purchasing an NFT.

But as an investor, you should be aware that the NFT market is highly speculative. Just like some physical collectibles, NFTs may have little intrinsic value and can be sold only if there are willing buyers. Prices can be extremely volatile, and there is a high risk of loss as pop-culture trends shift. In fact, many NFTs could eventually become worthless.

Whether you trade in the digital world or just observe from the real one, you'll probably hear a lot more about NFTs in the months and years ahead.

All investing involves risk, including the possible loss of principal, but new technology ventures are especially risky. It's important to be skeptical when evaluating a claim made by a company about its entry into this arena. Rising interest in blockchain and crypto is also being exploited by *scammers, so steer clear of unsolicited investment offers — and never wire money to pay for an offer or service.*

Cryptocurrencies are not a traditional investment, are highly speculative instruments, carry a significant amount of risk, and are not suitable for all investors. Cryptocurrencies are not typically subject to the same reporting and data integrity requirements that apply to more traditional investment products. The IRS is treating cryptocurrency as an asset subject to capital gains taxation rather than as a currency.