

# Guide to Establishing NFT's Marketplace in the United Arab Emirates

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## Introduction to NFT's

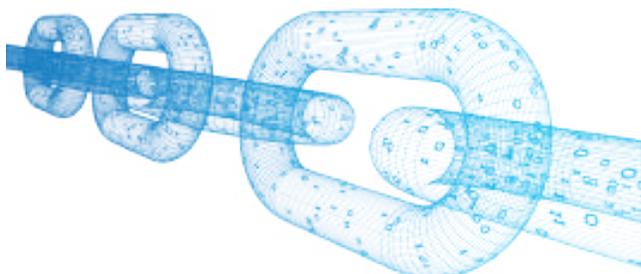
Simply put, an NFT is a **non-fungible token**. "Non-fungible" basically implies that it's one-of-a-kind and can't be substituted with anything else. A bitcoin, for example, is fungible, meaning you can exchange one for another and get precisely the identical item. A one-of-a-kind trade card, on the other hand, cannot be duplicated.

An electronic commodity that reflects components in reality like art, music, in-game goods, and movies is known as an NFT. They are acquired and traded digitally, often using cryptocurrency, and they're usually encrypted with the same software as many other cryptos.

Despite the fact that they've been available since 2014, NFTs are rising in popularity increasingly as a means to buy and sell digital art. Since November 2017, a whopping 174 million Dollars has been spent on NFT's.

A big perk of possessing a digital collectible over a tangible collectible like a Pokemon card or a rare, minted coin is that each NFT has unique information that helps it stand out from the others and can be readily verified. As all products can be linked to the authentic seller, the manufacture and dissemination of false collectibles are useless.

NFT's, unlike other cryptocurrencies, cannot be immediately traded. This is due to the fact that no two NFT's are identical. Consider they are festival tickets, each ticket includes information such as the purchaser's name, the event's date, and the location. This information makes purchasing festival tickets difficult.



## NFT Operation

Most NFT's are, to a good degree, members of the Ethereum blockchain. Ethereum, like bitcoin and dogecoin, is a cryptocurrency, but its blockchain also enables these NFT's, which hold additional details that allow them to function uniquely from, say, an ETH coin. It's worth mentioning that different blockchains can use NFT's in their own ways.

NFT's are essentially digital versions of actual collector's artifacts. As a result, rather than receiving a real oil painting to put on the wall, the customer receives a digital file. They also acquire exclusive rights to the property. It's true: NFT's can only have one owner at a time. Because NFT's include unique data, it's simple to verify ownership and transfer tokens between owners. They can also be used to hold particular information by the owner or developer. Artists, for example, can sign their work by adding their signature in the metadata of an NFT.

## Contemporary Popular NFT's

NFT's could have been anything digital (drawings, music, even your brain being downloaded and converted into an AI), but the hype is focused on leveraging the technology to sell digital art.

## Purpose of NFT's

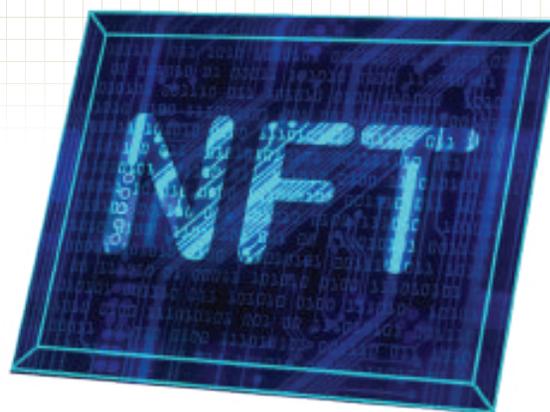
Artists and content creators have the opportunity to monetise their work thanks to blockchain technology and NFT's. Artists, for example, now do not have to publish their goods through galleries or auction houses. Instead, the artist may sell it as an NFT straight to the consumer, allowing them to keep a larger portion of the profit.

Additionally, artists may build royalties into their software so that they get a share of revenues when their work is sold to a new owner. This is a desirable feature because most artists do not earn further revenue after their initial sale.

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*"If you are an artist and still don't use NFT (Non-Fungible Token), you are potentially missing millions of dollars."*

*- Olawale Daniel*



Snoop Dogg and Lindsay Lohan are among the celebrities who have jumped on the NFT bandwagon, offering unique experiences, artwork, and moments as securitized NFT's.

### **The procedure of buying an NFT**

Before beginning, you'll need to possess a digital wallet that can hold both NFT's and cryptocurrencies. Based on what currencies your NFT provider supports, you'll probably need to buy some cryptocurrency, such as Ether, Coinbase, Kraken, eToro, or even PayPal and Robinhood that now allow you to buy cryptocurrency using a credit card. After that, you'll be able to transfer money from the exchange to your own wallet.

When researching your alternatives, keep fees in mind. When you acquire crypto, most exchanges charge at least a portion of your transaction.

### **Rationale behind NFT's**

Supply and demand, like with other assets, are the primary market determinants for pricing. People are frequently willing to spend a lot of money on NFT's because of their scarcity and high demand from players, collectors, and investors.

Some NFT's have the potential to be extremely profitable for their owners. On the Decentraland virtual land platform, for example, one gamer purchased 64 parcels and combined them into a single estate. It was dubbed "The Secrets of Satoshi's Tea Garden" and sold for 80,000 Dollars due to its excellent location and easy access.

### **NFT Marketplaces**

There are many NFT sites to choose from once you've set up and funded your wallet. The following are the major NFT marketplaces at the moment:

#### **I. OpenSea.io:**

This peer-to-peer marketplace claims to sell "rare digital artifacts and treasures." Create an account and browse the NFT collections. You may also sort works by how much they sold to find new artists.

#### **II. Rarible:**

Rarible is a liberal, accessible marketplace that lets artists and producers produce and sell NFT's, similar to OpenSea. The system's RARI tokens allow users to vote on aspects such as taxes and forum regulations.

#### **III. Foundation:**

To submit their work here, artists must earn "upvotes" or an invitation from other creators. Because of the community's exclusivity and high cost of membership (artists must also purchase "gas" to mint NFT's), it is likely to attract higher-quality work. Chris Torres, the inventor of Nyan Cat, for example, sold the NFT on the Foundation platform. It may also imply higher pricing, which isn't necessarily a negative thing for artists and collectors looking to profit if demand for NFT's stays the same or even rises over time.

Although these and other sites are home to hundreds of NFT producers and collectors, do your homework before purchasing. Some artists have been defrauded by impersonators who have listed and sold their work without their knowledge.

Furthermore, the verification methods for creators and NFT listings vary by platform, with some being more severe than others. For NFT postings, OpenSea and Rarible, for example, do not need owner verification. Buyer safeguards appear to be limited at best. Therefore it's wise to remember the ancient adage "caveat emptor" (let the buyer beware) while buying for NFT's.

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## NFT's in the UAE

The easiest alternative for UAE citizens without the US or European bank account is to start with BitOasis, a Dubai-based company that takes credit card payments in Dirhams.

To get started, go to a website like 'https://bitoasis.net/en/home' and establish a profile with your name, e-mail address, and password. You'll be sent to an account setup page, which will walk you through the rest of the process, including validating your e-mail address and providing a legitimate phone number. Then, an SMS will reach you with a one-time passcode that will take you to your account dashboard.

You can buy any cryptocurrency you desire after you have an account. You may buy Bitcoin (BTC), Ripple (XRP), Tether (USDT), and a variety of other cryptocurrencies on BitOasis, for example. However, if you wish to acquire NFTs from platforms like Open Sea, you need to use Ethereum (ETH).

You'll need a credit card to buy, and you may load up with your preferred cryptocurrency from 'https://bitoasis.net/en/home' for a modest transaction charge.

You would assume that signing up for a cryptocurrency exchange is enough to get you started, but it isn't - at least not yet. If you want to buy something from Open Sea, for example, you'll need to deposit your new ETH into one of their partner wallets, MetaMask and Dapper being two of the most popular.

Once a product is selected, and the necessary payments are made, the NFT is yours to keep, issue, sell, or transfer.

*"Blockchain is the tech. Bitcoin is merely the first mainstream manifestation of its potential."*

*– Marc Kenigsberg*

## NFT marketplaces in the UAE

Users can auction, sell, and purchase NFTs on online markets. We've seen (and continue to see) a lot of interest from online sellers wanting to grow up and create NFT marketplaces in the UAE since November 2020.

The UAE has kept ahead of the curve in creating and promoting an open, regulated, and attractive environment for crypto asset platform owners, sophisticated investors, and custodial service providers, thanks in part to the tremendous interest that NFTs have created throughout the world.

**November 2020:**

The UAE Securities and *Commodities Authority (SCA)* will announce its new regulatory framework for crypto-asset licensing in November 2020.

**January-March 2021:**

The *Dubai Financial Services Authority (DFSA)*, as the independent regulator of financial services conducted in or from the DIFC, announced that it would develop a regulatory framework for tokens and cryptocurrencies, as well as the firms that provide trading services within the *DIFC*.

The *DFSA* announced a public consultation on a regulatory framework for security tokens in March, and a copy of the document is available online.



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*“Anything that can conceive of as a supply chain, blockchain can vastly improve its efficiency- it doesn’t matter if its people, numbers, data, money.”*

*- Ginni Rometty, CEO IBM*

#### March 2021:

The *Dubai Multi Commodities Centre (DMCC)* has announced a new Memorandum of Understanding with the *SCA*, effectively giving the *SCA* additional authority to regulate crypto asset service providers and platforms established from the *DMCC*.

#### April 2021:

BitOasis stated that they had received regulatory clearance to start a crypto asset trading platform within *ADGM*, Abu Dhabi’s premier financial free zone, following in the footsteps of many other crypto-asset trading platforms and custodians.

#### Conclusion

NFT’s and their ties to the arts, as well as the online markets where they are exchanged, make up the ‘early adopters,’ according to pundits, who think that completely new sectors and professions will emerge as a result. NFT’s aren’t a passing trend; they’re here to stay. The challenge for regulators, policymakers, and central banks is to guarantee that NFT’s can be traded in a method that is ecological and profitable.



*“[Blockchain] is the biggest opportunity set we can think of over the next decade or so..”*

*- Bob Greifeld, Nasdaq Chief Executive*

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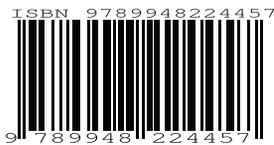
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