**LEGAL INFORMATION**

As long as you’re following copyright laws and selling legitimate assets, creating, selling, and reselling NFTs is legal. Like with most digital innovations, though, regulatory legislation has been slow to catch up and clear guidelines have yet to be established.

At the U.S. federal level, NFTs have not yet been defined among the array of personal and business assets as securities or commodities — and laws applicable to NFTs depend on whether they’re classified as securities or commodities. NFTs have been of special interest to the U.S. Securities and Exchange Commission as of late, which will remain the case unless lawmakers decide to formally and universally classify NFTs as commodities or something else.

Fractional NFTs (f-NFTs) are especially interesting when it comes to classification, as they break NFT ownership into profit shares. Because this arrangement enables buyers to profit from the efforts of others (usually the creator), the purchase of a share of an NFT could be considered investing in a security or investment contract.

When it comes to classifying NFTs as commodities, the reasoning comes from the similarities NFTs share with other blockchain-based digital assets, such as cryptocurrency, though the cryptocurrency classification question has yet to be settled, as well. Throughout 2023, the House of Representatives will consider [proposed cryptocurrency regulation measures and related bills](https://cointelegraph.com/news/crypto-s-regulatory-fate-will-be-decided-in-the-year-ahead), meaning we may have a clearer picture of NFTs and other cryptoassets as commodities by the end of the year.

**What Are Some of the Legal Issues With NFTs?**

Because NFTs are still so new, little official guidance for regulation has been released thus far. Understanding the following NFT legal issues is essential for businesses looking to successfully move into the digital asset space.

**Copyright, Licensing, and Intellectual Property**

Are NFTs legally protected under copyright law? The answer is both yes and no.

The artwork or asset the NFT links to is protected under copyright law. However, the token on the blockchain isn’t. It’s like hanging a print of a modern painting on your wall. You don’t own the original work or the rights to reproduce it — you just own a copy of the work.