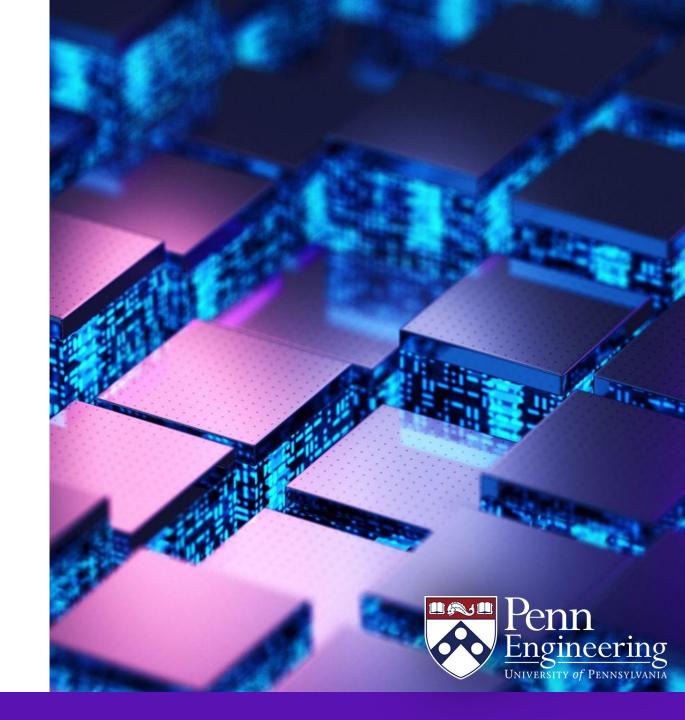**EAS 5830: BLOCKCHAINS**

NFT Royalties

Professor Brett Hemenway Falk

Can NFTs Crack Royalties And Give More Value To Artists?

NFTs are changing the way we understand ownership on the internet. Yet for music, NFTs need to start implementing a universal royalties standard.

by **James Beck** – **March 2, 2021**

The problem with royalties

The contract doesn't know the sale price!

How are royalties calculated?

- Buyer must (honestly) report sale price to the contract
  - [EIP 2981](#) standardizes this
    - An ERC 2981 compliant NFT allowed buyers to ask the contract what percentage royalties the creator wanted
    - ERC 2981 did not enforce the payment of these royalties

```solidity
function royaltyInfo(
        uint256 _tokenId,
        uint256 _salePrice
) external view returns (
        address receiver,
        uint256 royaltyAmount
);
```

Penn Engineering

Exchanges!

- Exchanges could enforce royalties
  - Exchanges like OpenSea know the sale price, and could enforce royalties on sales
  - For a while they did….

Sudoswap Erupts as NFT Traders Capitalize on Royalty-Free Sales

The NFT ecosystem has gained a decentralized exchange in Sudoswap, but its royalty-free model means traders can sidestep creators

BY DAVID CANELLIS / AUGUST 17, 2022 05:30 AM

Alternatives

o   Fixed fee per transfer

o   Probabilistic reversion

   ▪   Every transfer has a 5% chance of sending the token back to its creator