What laws govern NFTS in the UK and the EU?

What is necessary or good practice right now?

• Marketing: Despite impending proposals to subject the majority of crypto assets to the UK's financial marketing framework, NFTs are not expected to be impacted by this. However, since crypto assets, like the majority of NFTs, are not regulated products, the Advertising Code also applies to them. The Advertising Standards Authority published marketing rules for crypto assets in March 2022; these recommendations cover NFTs. The rules state that advertisements for crypto assets must make it clear that they are unregulated. Even though the majority of the FCA's Principles for Businesses do not apply to the firm's unregulated activity, UK-regulated financial services companies should keep them in mind while promoting NFTs and communicating with their customers.

There is presently no appropriate pan-EU regime; hence, the marketing of NFTs in the EU will differ between member states.

• Licensing: NFTs that are not categorized as traditional securities (like a bond or share), a unit in a fund, e-money, or a derivative are not subject to licensing limitations in the UK. The current UK crypto framework amendments that put stablecoins under regulatory protection won't have an influence on NFTs, although other modifications could be made in the future. At the EU level, the situation is similar, although each member state may have its own system. MICA, the EU-wide law on crypto-assets, will impose authorization and marketing restrictions on businesses dealing with specific categories of crypto-assets in the coming years. However, this will not apply to NFTs.

• Money Laundering Regulations (MLRs) - You should register with the FCA under the MLRs before issuing or exchanging NFTs through the company from the UK. Individual jurisdictions will have comparable restrictions if you operate in the EU. The registration requirement will not be relevant, at least not in the UK, if services are only delivered into the UK on a cross-border basis from elsewhere.