

Non-fungible Token, Market Development, Trading Models, and Impact in China

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ABSTRACT

Many people, including rapper Snoop Dogg, actor William Shatner, Paris Hilton, Lindsay Lohan, Grimes, and Emily Ratajkowski, are enthusiastic about how Non-fungible tokens (NFTs) will bring value to create many beautiful arts for easy collection and trade in the dynamics of the art market. According to the OpenSea market estimates, the NFT projects available in the different blockchain is worth roughly 840 million US\$. NFTs recently received enormous attention from both cryptocurrency investors and the media; even billionaire Elon Musk posted a Meme on his Twitter account and bought the sale of meme NFT for \$19800. The biggest economic power that banned cryptocurrency last year, China, made a formal supportive statement to back NFT booming in the whole country. Suddenly, the red power realized the transaction order of the meta-verse system; the tokenized economy is an undoubted benefit for the living style of the current generation. Although the concept of NFTs is very new, trading activities are moving extremely fast in China. An exhibition like "Virtual Niche" can take up to three years to organize in the rest of the world, but it took just a few months in the second biggest superpower China, Beijing. Eventually, this new form of entity will make it easier and more capacitive for the Chinese style of politics, economy, and culture to stand strong in the world for thousands of years. This thesis will introduce the current NFT market development, trading models, and impact in China. With no hesitation, this time, China has entered the era of "everything can be NFT".

Key words: Meta-verse; NFT; Trading; Block-chain; Cryptocurrency; Web 3.0, China economy

INTRODUCTION

NFT (Non-fungible Token), translated in Chinese Pin Yin as FEI TONG ZHI HUA DAI BI (非同質化代幣). The Chinese government believes that a unique digital certificate can be registered with blockchain technology to record the asset ownership of artworks or collectibles, furthermore, a piece of valuable data (i.e: driving record, housing title transfer data, stock transaction price record (Bernstein, 2021). NFT is only a virtual identification like a digital ownership certificate and does not represent an artwork or item entity (DeNicola, 2022) itself (i.e, art, video clips, music, and more). It is identically absolutely different from Bitcoin, Ethereum, and other homogenized tokens (Quiroz-Gutierrez, 2022). Uniqueness, non-interchangeability, and non-tampering are the few most distinct characteristics of non-fungible tokens that functionally separate NFT from other blockchain assets. China formally introduced a state-backed NFT platform on January 25, 2022, i.e., Blockchain Services Network Distributed Digital Certificates (BSN-DDC) that is

distinctively separate from global markets and has no connection with cryptocurrencies. This first state-backed BSN-DDC was primarily launched to develop a nationwide infrastructure for explicitly hosting the Chinese NFT platforms, thereby facilitating an avenue for creating a domestic market for NFT and blockchain technologies that are fundamentally unique and have no connection to global NFT and crypto-assets. In addition to the above, the primary aim of BSN was to form a diverse, transparent, credible, and reliable (Benzinga Newsdesk, 2022) market infrastructure for the concerned stakeholders to design and create their tokens without depending on the global market platform for trading and business. As clearly drew a line separated China's NFT market from the rest of the other NFTs markets globally, which most are minted on the Ethereum blockchain.

The blockchain digital financial system is still very new to most people in China. Some students and freelancers in Hong Kong have already started to test the waters. An alumnus (Economy Weekly, 2021) from the University of



Hong Kong China, Kimmy Wong (Paititi) precisely described herself as very curious about NFTs begun at the beginning of 2019 and founded Paititi in Hong Kong. Another individual graduated student Tian Rong in Hong Kong, studied about the concept and future development trend of NFT from a teacher (Liu, 2021). Based on the teacher's recommendation and his own intuition, documentation was made that highlights the role of NFT in promoting copyright protection and the digital creation of contemporary art. The student found multiple domestic digital collection trading platforms such as Ali Auction, Non-fungible token China (NFTCN), one of the most popular digital art platform, differences the NFT based on alliance chains, NFTCN uses the Ethereum public chain, which is the only decentralized digital asset trading platform in China etc. (Buterin, 2014), and became a contracted artist of Ali Auction's latest section, "Digital Auction". The student has released four batches of a total of 60 NFT paintings on the Ali Auction. These digital artworks have been successfully auctioned, and half of them on NFTCN have also been sold (Xu, C., 2022).

Virtual land NFT has become a popular NFT product following digital artwork and fashion play. The latest news indicates that the global market value of virtual land NFTs rose to \$4.6 billion in November, with yearly increases of 228%. On December 10, NFTCN (NFT CHINA) announced the launch of "Spiritual Space" on the big verse public account, selling housing assets in the virtual space, which is a test of the domestic "NFT + real estate" model (New, 2022). Considering people's increasing interest and awareness of digital blockchain and digital virtual creative environment, it is essential to review the current status of NFT acceptance in China.

MATERIALS AND METHODS

The present study reviewed the recent information on China's NFT regulations, development, trading currency, copyright regulation, hosting platforms, and hosting networks from public resources and articles, to analyze the NFT trading models, market development, and impact in China. Compared to the world NFT, China's adopted NFT is relatively conservative, making it a bit distinctive and unique from the global NFT. It is worth noting that the digital encryption embedded with China's NFT framework and used in the domestic trading platforms is not consistent with the original concept of the rest of the world's NFTs. Sample of China's domestic market trading activities below:

On September 16, 2021, China Alipay issued a limited number of 20000 Asian (Asian Game 2022) Games digital torches that sold out in less than 4 minutes. Although Ant Chain stated on September 24, it firmly opposes all forms of digital collection speculation (Muzzy, 2018) and resists violations of laws and regulations such as equity and standardized contract transactions. But on the internet,

transactions and discussions about digital torches have never been stopped (Cheng, 2021).

According to the Ant Chain website, this NFT digital asset trading platform was founded in July 2021. There are more than 5,000 creators abroad and more than 100,000 registered users. There is no way to supervise private transactions. In an ANT Chain NFT Torch digital collection group, the original price of 39 Yuan (6.5 dollars) digital torch (Shen, 2022) has already been traded after the price increased to several thousand yuan or even tens of thousands of yuan. From the perspective of blockchain, the three Chinese domestic trading platforms, Tencent Magic Core, Ali Auction, and Ant Chain Fan Piece from Alibaba, provide technical services respectively by Zhixian Chain, Ant Chain, New Edition Chain, and Shutu Chain. They are different from the dominated public blockchain Ethereum or trading platform OpenSea. These three Chinese domestic platforms are based on the alliance chain (private chain) and do not have the decentralization characteristics of the public chain. In other words, China's encrypted digital warrant trading platform has certain access standards, and access to the alliance chain and the release of encrypted digital products are subject to the monitoring of the platform (Global Times, 2021). In fact, the copyrights of Chinese domestic NFT collectors are also subject to certain restrictions. Magic Core, Ali Auction, and Ant Chain Fan Piece do not sell the work ownership, so most encrypted digital products are traded in the name of digital collections. And overseas NFT buyers can get the works' ownership and intellectual property rights. China's domestic NFT trading platforms have also made strict regulations on trading principles. After the transaction, the digital collections released by Ali Auction and Ant Chain Fans can only be transferred for free, and the digital copyright can be auctioned 90-180 days after the transaction. The serial digital collection on the Magic Core does not even open the right to transfer.

A bigger question points for a well-managed NFT assets disbursement system is the relationship between NFT circulation price and NFT value. It has been well noted that the pixel formatted digital art always comes with an easy reproducible and replicable algorithms, making it less exhaustive for mass-reproduction in case demand arises. Additionally, the digital NFT asset also follows the 'international trend' and 'generative art', often missing in traditional creative assets. Tian Rui believes that no matter what means are used to present work, the creator's "unique spiritual information and visual taste" contained in work is the core value of a painting. However, in the current NFT market, digital collections' "value and price" are still largely misaligned. The current NFT market development, trading models, and impact in China can be graphic to echelon form stepped appearance, each step move to upper level.



Figure 1: The graphical representation of Non-fungible token, market development, trading models, and impact in China

DATA ANALYSIS

Comparing different fiat currency markets, cryptocurrency markets, stock markets, and housing market values, the price of China NFT is about 69 million U.S. dollar. Since this year, the world trading models been unregulated, headed by OpenSea and SuperRare in open public blockading, have rapidly launched a series of financing of billions of US dollars, which external parties have questioned for "misappropriation of money". But in China, the trading model is a single unique China BSN hosted-only platform, regulated to use only one currency: RMB. On December 9, NFT artist Pak confirmed that the same NFT was sold twice in his Merge project, and there was a transaction loophole in the encrypted digital works that used the protection of assets as a promotional point. Compared to the rest of the world, the brand new China NFT market is still under development but small compared to the rest of the world markets (Table 1).

Table 1: RMB, USD, Cryptocurrency, U.S stock market, U.S real estate market, NFT China, NFT worldwide worth (Google Data Studio, 2020).

Currency or assets name	Market value	Regulation
Cryptocurrency	1.2 Trillion USD	NO
U.S. dollar	40 Trillion USD	YES
Chinese yuan (RMB)	238 Trillion(RMB) =39 trillion USD	YES
U.S. Stock market worth	37.7 trillion	YES
U.S. real estate market worth	43.4 trillion	YES
World NFT	51 Billion	NO
China NFT	69 Million	YES

China's trading model is very unique; the Chinese government has set up all of the rule-based structures created to govern the NFT trading activities in the domestic market, including pushing Digital property rights, limiting trading platforms on BSN only, limiting in China territory, pushing investors to hold certain time before new transactions, and pushing private companies sign and agree with government regulation.

China pushes for Digital property rights compared to the rest of the world

China’s NFT investors own the IP right of the NFT as long as the blockchain network is in business. But like, NFT’s immutable nature, which inherently creates digital property rights, gives it more value over other forms of digital media like a JPEG. For instance, a developer of a decentralized NFT marketplace develops a decentralized public blockchain (Christidis and Devetsikiotis. 2016; Cai et al., 2018) and decides to abandon the project; in that case, the NFTs released by that marketplace will still live on the public chain. For example, Hicet Nunc, a Tezos-based NFT marketplace, discontinued its service last November, but all NFTs released are still available on the Tezos blockchain. But the same applies differently to Chinese NFT marketplaces, as it mostly built on non-public blockchains. Investors have digital property rights as long as the platform maintains its blockchain. They can only lose their rights to access those digital purchases if other governing parties decide to discontinue the blockchain.

China’s limited trading platforms compared to the rest of the world

Undoubtedly, the NFT community believes that NFTs play an important role in building the Meta-verse (Crypt News, Oct. 2022), an immersive 3D virtual space. Some collectors are betting on the Chinese NFT market to go through a profitable phase in a controlled, centralized way as they watch prices of virtual land, virtual events, and virtual clothes rising rapidly on global NFT markets. (Nakamoto, 2008).

Finally, the types of NFT products launched in China are also relatively monotonous. China has already entered the era of "everything can be NFT", and under the domestic operation mode of "focusing on platforms and ignoring users", the encrypted digital products launched on mainstream trading platforms are concentrated in the fields of digital image art, digital music and digital trendy games, etc. In February of 2022, a group member from a private Topnod collector WeChat group commented with enthusiasm after a successful digital collectible purchase on the platform, “still waiting for a secondary market for Topnod”.

Comparing China’s NFT market to the rest of the world (Cheng, 2021), the risk of investing in China’s NFTs market is regulatory higher. NFTs trading, in general, is cutting out the middle person. It optimizes resources and reduces the cost of trading. Anyone can trade NFTs directly without distributing fees to a specific audience or community. NFTs trading is changing our world by how humans communicate with one another and how information is transited. It can be a great way for consumers to keep something very private to themselves, especially from their favorite content creators. Through blockchain technology, business owners and

entrepreneurs will master this convenient direct selling method. It will allow content creators to connect with the community and sell tokens exclusively and build a one-of-a-kind art from that specific content creator freely. Any NFT is a fixed value of artworks that are designed to prevent unauthorized duplicates. After all, NFT changed the Democratization of art, (Nez, 2022), increased diversity and representation, patronage and fractionalization, new creation methods and media, and allowed more freedom and independence.

China NFT pushes investors to hold a specific time before new transactions

The Chinese domestic NFTs investors are required by law to hold at least 90 days to 180 days or even longer before going to the next transaction. The rest of the world's investors are not required to keep the NFT for a particular time before they trade them. China NFTs distributors need every investor to keep for 90 to 180 days before a new transaction. The NFT market will eventually make Chinese NFT investors have fewer short-term capital gain opportunities in China. As nobody can guarantee after 90-180 days, the NFT itself is still worth the same amount of the value. This is not a fair trade market recommended for any economic system (Stehlik and Vogelsang, 2018). The benefit of short-term profits can generate liquid capital that investors can use to manage their other investment operations for new market development. Liquid capital can be spent immediately rather than the capital that has been invested in long-term assets. Profiting off short-term investments can increase the amount of liquid capital in the NFTs market.

China NFT is limited to platforms hosted on BSN only, and China's territory

China will only allow state-backed BSN as the nationwide infrastructure to support Chinese NFTs, marking a key step toward creating a domestic industry that is separated from the global market and not connected to any cryptocurrencies. The trading territory is limited to China only.

The rest of the world's NFTs mostly host Ethereum, Flow, Binance Smart Chain, Cardano, Solana, EOS, NEO, WAX, Algorand, Tezos, and Tron. NFTs market development in the rest of the world is massively open to anyone who has a cryptocurrency account or wallet. Several NFT marketplaces have now been developed, including Open Sea, NBA Top Shot, and Decentral. They allow traders and artists to smoothly execute the transactions and benefit from short-term profit. NFT market looks set to keep on flourishing and amazing us with even more extraordinary and unbelievable NFT projects (Sparango, 2018).

But Chinese government regulated some big IT companies to sign a self-regulatory statement to keep their booming NFT markets away from world cryptocurrencies and avoid the language used by their western economic power counterparts. When they try to "prevent money

laundering, promise dissociation from virtual currency, protect consumer rights, and promote national culture, they also take away more freedom from creators and business, as all of the data is in the government's BSN. The below information was collected to compare the NFTs on China and the rest of the world:

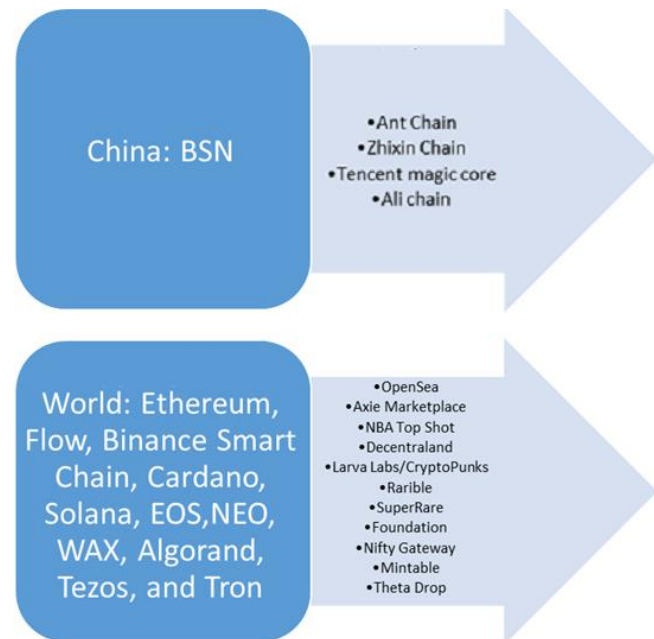


Figure 2: The graphical representation of the world and China's NFT framework.

China pushes private companies to sign and agree with government regulation

According to CCTV News, some of China's biggest IT companies have signed a self-regulatory statement to keep their booming NFT markets away from world cryptocurrencies and avoid the language used by their market western economic power counterparts (Xu, C., 2022). The "Digital Culture and Creative Industries Self-Regulation Convention," which was signed by Tencent, JD, and Alibaba recently, comprises 11 criteria that coincide with Beijing's broader aims for the digital economy. They include, among other things, "preventing money laundering, and promising dissociation from virtual currency, protecting consumer rights, and promoting national culture."

Furthermore, the virtual marketplaces of Alibaba and Tencent have opted to downplay the links between their NFT collections and cryptocurrencies by dubbing them "virtual collectibles" and avoiding the use of the word "NFT." Whether to use cryptocurrency to pay is crucial because blockchain and crypto receive entirely different treatments at the hands of Chinese officials. Blockchain was identified as one of the key technology areas for China's 14th Five Year Plan — the country's most crucial economic strategy — providing it instant credibility and unlimited expansion.

China NFT limited trading currency to Chinese RMB only
 China’s domestic NFT market development is relatively conservative, the general public only can invest in the

Chinese Yuan. Anyone in the rest of the world can trade NFTs with the U.S dollar, stable coins or any cryptocurrency from their wallet.

Table 2: NFT development, regulations, and Trade models in China compare to the rest of the world

	Market value	Type of NFT	Transfer Period	Trade platforms / Models	Trading currency	Volatility	Copyright /IP
NFT China	69 Million USD	1. Top-tier: Artefact 3D models, Aerospace 3D models, Music, Avatars. 2. Middle-tier: Anime, Games, Sports, DCCG. 3. Third-tier: Painting, Photography, E-sports, Film. (Andy & Tian, 2022)	Require to hold 3 months or 180 days before the transfer	China Alipay, Zhixin Chain, Ant Chain, New Edition Chain, Shutu Chain, Tencent Magic Core, Ali Auction, and Ant Chain, Changan Chain	Exchange only with Digital RMB governed by Chinese official	Yes	NFT copyright needs to be recognized by law
NFT of the world	51 Billion (2022 Jan)	1.Digital artworks: come (Chaturvedi, 2022) with a public certificate of authenticity and ownership issued by the digital ledger 2.Collectibles: same as physical collectables, Sports Memorabilia: includes a video clip of memorable sports moments 3. Video-Game Assets: based video games that players get involved in to win rewards like cryptocurrency, or other NFTs. 4.Virtual Land: an extremely redundant asset with no real-world applications but it can be used to place advertisements inside video games, create virtual assets 5.Memes NFT and art form has quote and picture on them at the same time Domain Names: Crypto domains do not depend on any centralized authority and hence are a coveted asset. 6.Music: Artists pre-release their albums on NFT marketplaces before releasing them on traditional streaming platforms and buyers can buy a part of the album as NFT 7.Ticketing: online event ticket distribution Real World Assets: A Real World asset NFT is a token that signifies virtual ownership of a physical object. 8.NFT Fashion: Virtual fashion clothing and accessories made for digital avatars and video game characters 9. Identity NFTs have started gaining significant real-world traction because of their non-Fungibility and the added assurance of transparency from the digital ledger. 10. Miscellaneous Online Items: anything and everything which has not been covered in the former categories. This includes tweets, blogs, Instagram posts, etc. In other words, anything that has been minted on a digital ledger and has Non-Fungibility falls under this category.	No special requirement to hold any NFT collection	A public blockchain, Ethereum, OpenSea, Axie Marketplace, Larva Labs/Crypto Punks, NBA Top Shot Marketplace, Rarible, SuperRare, Foundation, Nifty Gateway, Mintable, Theta Drop	Exchange in any cryptocurrency or stable coin, NO special regulations	Yes	No legal obligation to get a license or permission from a rights holder to use copyrighted work in an NFT

China NFT market development’s positive impact

Prevent money laundering and illegal activities: Many crypto activities were banned entirely and cleared out of China. Chinese blockchain technology companies aggressively distance themselves from crypto-oriented activity in their brands to grow.

Chinese government regulated big IT companies to sign a self-regulatory statement to keep their booming NFT markets away from world cryptocurrencies and avoid the language used by their western economic power counterparts. It is very effective in “preventing money laundering, and promising dissociation from virtual currency,



protecting consumer rights and promoting national culture.

Growing local finance industry and strength RMB: The majority of NFT transactions in China are decoupled from cryptocurrencies. All NFTs are denominated directly in RMB, with the transactions being made via traditional non-crypto means, such as Chinese domestic bank cards, Alipay, and WeChat Pay. It eventually encourages foreign countries to use RMB and BSN to trade if they are interested in China NFTs. Although Chinese regulations prevent people from reselling and trading NFTs and digital collectables without holding a specific period like 90-180 days, many collectors still hope to make a massive profit from capital gains of this investment in the future. This prevention of trading NFTs too fast and stable the RMB in the cash market.

Secure the digital property and assets: It can be an excellent way for consumers to keep something very personal and special from their favorite content creators. Business owners and entrepreneurs will take charge of this method via blockchain technology. It will allow content creators to connect with the community and sell tokens for exclusive content and build a one-of-a-kind art from that specific content creator. (Muzzy, 2018). Any NFT is a fixed value of artworks that are designed to prevent duplication. After all, NFT changed the Democratization of art (Weston, 2021), Increased Diversity and representation, Patronage and Fractionalization, new Methods and Media, and Increased Freedom and Independence.

Cutting middle man, more transparency, optimizing local Chinese resources and preventing corruption: Chinese citizens can trade NFTs directly without distributing fees from certain communities, who used to hold certain buying power; investment instrument used to be bought by only the rich and individuals who has certain connections; now, these instrument and items are available for the simple individual.

China NFT market development's negative impact

Limit certain freedom of speech and expression: When the government regulates the market and monitor the BSN, it may also take away some freedom of speech (Xu, C., 2022) and expression. It is much easier for government to nail down any artists 'negative or sensitive creation toward the government.' From creators to businesses, as all of the data is in one network: BSN. (Xu, S., 2022)

Placing longer holding time regulation reduces opportunities for short-term capital gain: NFTs investment originally is a fast turned over subject for the blooming industry. Traders from all over the

world are not required to hold any NFTs for a certain period of time before selling. The world NFTs market provides maximum freedom to investors as long as they pay tax on the profit. It positively impacts the cash market, but for china's domestic market, managing expenses will go up when the investors need to hold these assets for 90 days or more. It certainly reduces investors' opportunities for short-term capital gain. When investors can make 100% return on short term capital gain in 7 days or 10 days, they have to wait more than 90 days to make these money.

Investors cannot use the capital to fulfill their financial obligations and accumulate higher short-term profits: Managing these costs effectively often helps investors to earn a higher long-term profits portfolio. Investors cannot improve credit; liquid capital from short-term profits can help investors pay bills in a timely fashion, which can help improve their credit score. Shorter-term liquid capital can be spent immediately rather than the capital invested in longer-term assets.

Lack of flexibility: Such investment cannot give investors flexibility without providing flexibility in earning short-term profits from NFT's. Investors cannot use liquid capital generated by short-term profits to adjust accordingly (Notheisen et al., 2017). Being able to adapt quickly can help investors adapt to market fluctuations effectively like the rest of the world NFT investors do. This will eventually make Chinese NFT investors carry more risk and fewer cash flow opportunities.

Coursing massive dissolutions of brokerage industries: NFT is cutting out the middle man, optimizing resources, and reducing the cost of any human activities. Anyone can trade NFTs directly without distributing tickets to a certain audience or community. But as if the government promoted such activities, it changed how Chinese communities communicate with one another and transmit information. A lot of brokerage services may be closed down very fast. It will create some instability in society, and the unemployment rate may go up in a short period of time.

Circulation issue: Hard for China NFTs to circulate. The China NFT developed based on high-speed iteration technology is not a fixed concept, and its connotation expands with the change of actual application. The minimum unit of the original standard NFT is 1, which is indivisible and scarce, and it is difficult for some products with too high a unit price to realize circulation.

DISCUSSION

Although overseas NFTs are rapidly extending to various fields, the rest of the world is still exploring the path of NFT development in China due to the restrictions of Chinese domestic laws and regulations. The prospects of NFTs in China are worthy of further consideration and discussion. In this regard, Liu Hongwei, chief researcher of Ebang International Research Institute pointed out in an interview with a reporter from the 21st Century Business Herald that the biggest problem that NFT needs to solve is not only the current application of digitizing works of art but the transformation of the traditional concept of non-classification (Wu, 2022). The target assets with smart contracts are introduced into the blockchain (Szabo, 1994).

The China market is too progressive for the world investors to ignore

China NFTs price is low and unique, and worth to invest. The average market size estimate for to growth of NFTs in China is 150% every year (Nez, 2022). Based on the differences between domestic and foreign NFT trading platforms in terms of blockchain technical support, product circulation, product types, etc., "Tencent and Ali's products cannot be regarded as standard NFTs. It is easy to understand that it is a limited edition based on a certain IP or famous author. Digital works are just circulated in a way similar to NFT." Liu Hongwei commented.

China NFTs still follow the concept of the world NFTs, similar to Ethereum. Some NFT trading platforms are interconnected with Ethereum in China, issuing NFT products that are no different from overseas, but this is not the mainstream of domestic encrypted digital transactions. Take NFTCN, which is currently the largest in development, as an example. The platform is compatible with ETH (public chain) and takes the lead in adopting layer 2 technology to reduce transaction fees to 33 yuan (Xu, S., 2022) which is much lower than OpenSea's gas fee of tens of dollars. The author of NFT provides a channel for the works to be launched internationally. Although NFTCN has the characteristics of decentralization and a higher degree of openness, the actual transaction volume of the platform cannot match that of Ali Auction.

China NFTs copyright grants the investors the unique copyright. "Now the blockchain world is exploring the fragmentation of NFTs, dividing NFTs into n parts. For example, in the NFT paintings of modern and modern artists produced by Rongbaozhai, a certain number of original works are copied, and one of the limited copies is used as the smallest unit. There can be many NFTs based on the same painting." Liu Hong Wei told the 21st Century Business Herald reporter. But the Chinese government is pushing to regulate the copyright to the owner only.



Figure 3: Chart shows the average estimate growing of NFT market size in the next five years.

According to Google, the average market size growth of NFTs in China is 150% every year, and in the rest of the world growing extra 35% each year, to reach 147 Billion by 2026 (Andy & Tian, 2022; Technavio, 2022).

The development road of NFT under the strong supervision model

The development of NFTs in China is closely related to the legal red flags and the grey area of strong central control models. Lawyer Xiao Sa of Dentons Law Firm told the 21st Century Business Herald reporter that public chains often lead to excessive expansion of the scope of convertible commodities, so that related NFTs are considered to have the nature of replacing RMB in the market, violating the "People's Bank Law". Article 20 and Article 28 of the Regulations on the Administration of Chinese currency control Bureau, People's Bank of China, and The National Assembly of the PRC.

On September 24, 2021, the People's Bank of China issued the "Notice on Further Preventing and Disposing of Hype Risks in Virtual Currency Transactions", emphasizing the nature of virtual currency and the illegality of transactions. For this reason, domestic mainstream NFT trading platforms need to be adjusted. If it is said that Tencent Magic Core and Ali Anti changed the word "NFT" to "digital collection" in October 2021, to fundamentally avoid the direct conversion risk of virtual currency and NFT, these platforms cancel to transfer mechanically to reduce the volume of NFT. The currency attribute of the product consistently prevents the occurrence of sky-high speculation events.

China's domestic market adopt the world concept and develop its style of the NFT market

China's domestic market adopts the world concept. Although many parties are still questioning the idea of the meta-verse, the virtual world seems to be becoming more and more important as the development map of the global technology and business field. The national level is already actively preparing for relevant infrastructure construction. In 2019, Beijing Red Date Technology, together with the State Information Center, China Mobile,

and China Union-Pay, jointly initiated the construction of the BSN.

China's major tech companies' CEOs supported BSN. Like He Yi fan, CEO of Red Date Technology, once said, "Through the licensing transformation of the public chain, it will become an open consortium chain that is deployed in the BSN ecosystem and can be supervised. It is the most legal and compliant development of public chain technology in China. A direct and effective path." Red Date Technology revealed in October this year that it plans to fully launch the NFT infrastructure by the end of January 2022. "BSN is a national-level blockchain infrastructure. It adopts the form of a consortium chain and has an access system. The circulation on the chain is within the controllable range. Different from Ethereum, it is currently biased towards the B side." Liu Hongwei said that from the current Judging from the situation, the development path of domestic NFTs is that traditional auction houses and art curatorial institutions are the first to enter the market, and individual original artists and various cultural IPs will also be involved in the NFT field successively. "Until the supporting measures for supervision and risk management and control are not in place, it will still not be open to individuals."

China wants to develop the Chinese style of the NFT market. Liu Hong Wei further pointed out that there is another core point in the development of NFT in China: the final settlement must adopt the legal currency system. "Even if some NFTs are issued based on the state-owned public chain, they can achieve wider circulation through cross-chain connection with other blockchains; but in the end, when they return to China for asset settlement, they must still use RMB."

CONCLUSION

China has tried it's very best to adopt the benefit of NFT practically. The current road map of the building is a central control tokenized economy system (Schultze and Avital, 2011). Behind the explosion of NFT trading models, the development of the concept of digital encryption transactions and the continuous iteration of blockchain technology is extremely encouraged by the Chinese government.

To regulate the development of encrypted digital tokens, the Chinese domestic laws for NFTs are stringent. (Yang, 2021). From the upper supervision enforcement and the perspective of traditional finance, the Chinese government has assigned a series of laws and regulations to ban money laundering activities, and various big or small financial institutions have also corresponded to managing banning money laundering activists, which is listed in the legal provisions and measurement board. It is obvious that the obligated subjects of anti-money laundering are legal responsibilities. However, the Chinese government does not have a clear and efficient policy and regulation for estimating NFT value, which intentional experts should

write and research in the future. Even for the rest of the world, the estimation of NFT value is still unavailable.

Within the current trading model of China, the NFT industry is full of innovation and has rapidly become one of the most advanced and sophisticated progressive systems in the world (Stehlik and Vogelsang, 2018). For example, copyright protection, whether the same collection of art can be uploaded to several blockchain networks, subject to multiple different NFTs without exclusive rights, and whether the creator's rights are exhausted after selling NFTs, etc. The biggest difference between NFT in China and the rest of the world is the Chinese government will only allow to trade in RMB, this is the most important requisition for NFT to exist in China, and it is protected as long as the blockchain company exists (Chaabane, R. 2022) It is certainly a slow start compared to the rest of the world in reality, but a fairly specific way to establish the right infrastructure and necessary to take a strong lead to protect copyright and investors' benefit. Even started from scratch, China's digital economy strategy is planned under the supervision with an efficient impact on China, NFT can be generated as a block of security information to improve China's infrastructure and expand from car title transfer to replacement of license plates (Feng, 2022) from renting a house to selling a house, Chinese government eventually enjoys the benefit of central control tokenized economy power.

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