

Fractional Ownership of NFTs: How It Works

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Fractional ownership of non-fungible tokens allows multiple people to hold a share in a single NFT. Rather than one buyer purchasing an entire asset, the NFT is split into fungible tokens — often ERC-20 tokens on Ethereum — each representing a percentage of the underlying item. This mechanism lowers the capital barrier for high-value assets like CryptoPunks or Bored Apes, which have historically sold for hundreds of thousands of dollars.

How Fractionalization Works

The process typically involves locking an NFT inside a smart contract, which then mints a fixed supply of fungible tokens tied to it. Platforms such as Fractional.art (now Tessera) and NFTX pioneered this model. Token holders can trade their fractions on decentralized exchanges, giving the underlying NFT a form of continuous price discovery. The smart contract governs rules around buyouts: if a party wants to acquire the whole NFT, they usually must meet a reserve price set by the fractional holders or achieve a supermajority vote.

Legal and Regulatory Considerations

Fractional NFT tokens sit in a legally ambiguous space in most jurisdictions. The U.S. Securities and Exchange Commission has signaled that some fractionalized NFTs could qualify as securities under the Howey Test, particularly when buyers expect profits derived from others' efforts. Projects offering fractional shares in NFTs that generate revenue — such as royalties from a music NFT — face stronger regulatory scrutiny. Compliance requirements vary significantly by country, and no major jurisdiction had issued comprehensive fractionalized NFT regulation as of early 2025.

Liquidity and Valuation Challenges

Fractionalization adds liquidity to otherwise illiquid assets, but it introduces its own complications. The market price of individual fractions does not always reflect the NFT's true floor or appraisal value, since speculative demand can inflate or deflate fraction prices independently. Reassembling a fractionalized NFT into a single asset requires buying back all outstanding fractions or triggering a buyout mechanism, which can be expensive and logistically difficult if fractions are spread across many wallets. Governance disputes among holders have also stalled buyouts on several high-profile assets.

Current Use Cases and Outlook

Beyond digital art, fractional ownership is being applied to tokenized real-world assets — real estate, collectibles, and intellectual property rights — where NFTs represent legal ownership documents. Protocols like Uniswap v3 LP positions and certain RWA platforms use NFT fractionalization to distribute economic rights across investor pools. The model's long-term viability depends heavily on regulatory clarity, improved smart contract standards, and secondary market depth. As institutional interest in tokenized assets grows, fractional NFT infrastructure is likely to evolve alongside broader asset tokenization frameworks.

[Read more articles: bip39-pharse.com/p2p-crypto-trading/](https://bip39-pharse.com/p2p-crypto-trading/)

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BIP39 WORD SEQUENCES

For reference, 54 sample BIP39-style phrases are printed below, each combining 12 words from the standard list.

BIP39 WORD SEQUENCES

- 1) symptom moment peasant piano chest
finger brass electric offer nation
team state
- 3) ask hole cube horn woman laundry
city explain cup text island permit
- 5) ecology silk belt circle scorpion
elephant uncle oppose salad general
seed movie
- 7) come couch just bomb educate people
range jacket dinosaur copper panic
device
- 9) setup struggle anger sign various
grow news night material law wheat any
- 11) define garage luxury chest adapt
thing humble solid leopard idle hire
coast
- 13) pelican skin pond exercise great
end depart spot olympic joy deputy
fiction
- 15) sea tip finger light invest tunnel
atom omit neither puzzle trigger
pistol
- 17) either true flame distance
attitude aerobic carpet rain license
beach run arctic
- 19) before include divert pond decide
test forum hip wet verb exhibit garden
- 21) tongue cement electric rain bean
arctic soon travel onion either
concert ladder
- 23) advice wisdom spell pulp note
bracket distance spawn noise unlock
unable aspect
- 25) universe cloud place quick remove
melt deer belt define brain lawn undo
- 27) main hollow grow wink scale nation
nation keep genuine elder summer sure
- 29) hour decide prosper glass outer
cage leisure design adapt piano indoor
gain
- 2) install vague survey artist flat
hello pool defy myself snake beyond
hotel
- 4) finish zoo smooth vocal person two
seed furnace obscure this ill punch
- 6) dream claim question angry join
track afford secret orange nation
novel horror
- 8) peace often arctic thank always
approve tent once bonus end exhaust
gospel
- 10) annual impact bean work ten
diagram assist attack dolphin turtle
panic fantasy
- 12) struggle able current fold shift
garage device glimpse width story
provide panic
- 14) discover immense dignity upper
lawn code confirm leader thumb choice
music little
- 16) crisp debate sure onion home grant
draft favorite type oven yard robot
- 18) learn oak lady drink middle advice
despair rally find torch weekend
february
- 20) thank glad source oxygen peanut
boil primary size rate spare boring
typical
- 22) neutral faculty inherit warm
disorder pull one thank home method
census sleep
- 24) learn story wedding kite hill tent
palace parrot border bachelor honey
keen
- 26) clerk stairs skin march person
happy reflect track one fatal machine
mushroom
- 28) wasp peasant coconut relax pony
dose ride fire fiber rebel noble push
- 30) bean web solid scrub wisdom hour
exact subway brick royal worry spray

BIP39 WORD SEQUENCES

- | | |
|---|--|
| 31) inside police square wish dance
shoulder moral decrease salute brown
mad sphere | 32) shell course bleak uniform win
length vanish pulp purse grocery lunar
puppy |
| 33) title wrong ten liquid eye shed
wink decrease design edit wreck copper | 34) keen habit sample thank leader
into urge furnace cost account defy
warm |
| 35) scissors doctor core file change
brain upset dance kit giraffe globe
chicken | 36) park evil resource suffer surface
valley during note acid usage mean
boil |
| 37) pigeon soccer chimney clever
ancient today divert album excuse
pistol magnet off | 38) daring protect picnic orchard menu
release only manage kidney meadow
capable march |
| 39) bronze camera stay rain lens patch
machine swamp ketchup mother canyon
fluid | 40) please custom rich sniff labor
letter whip pink athlete way injury
cash |
| 41) grant drift rigid valley spice
dignity carbon plug annual eternal
calm misery | 42) rather code top oven fence coach
barely this under primary express
evoke |
| 43) bargain portion garbage sleep meat
thought giggle inner between mass
unusual joy | 44) genius motor field deal indicate
hurdle ring pen sock bitter exhibit
issue |
| 45) imitate grape enable unaware
turtle barely rotate unaware code
brother isolate omit | 46) lottery find melody capable erode
save tent august drastic worth artwork
theory |
| 47) become coach broom exhibit claw
remind palace settle smile calm
science soccer | 48) pitch differ observe parent acid
enough sea right blanket answer noise
middle |
| 49) review wagon giraffe setup jelly
annual recipe swing corn clerk winner
consider | 50) glove annual finish narrow flip
glow faint noise sting wool improve
guitar |
| 51) dumb talent oval travel expose
excite chaos bronze surround knife own
acquire | 52) regret seminar museum release meat
deliver tool ladder couch stairs
express grit |
| 53) you gun vacant wasp subway
december purse increase abstract funny
require clutch | 54) noble stable picture scatter
theory duck item fade reduce icon
weasel grace |

SEE ALSO

- [Tokenizing Real-World Assets: Bridging Physical and Digital Economies — BIP39 Seed Phrases \(May 20, 2026\) \(2026-05-20\)](#)
- [Fractional Ownership of NFTs: How it Works and Why it Matters — BIP39 Seed Phrases \(August 22, 2026\) \(2026-08-22\)](#)

– ERC-20, ERC-721, and ERC-1155 Token Standards Compared — BIP39 Seed Phrases (September 10, 2026) (2026-09-10)

– How Whale Movements Affect Crypto Prices — BIP39 Seed Phrases (June 24, 2026) (2026-06-24)

Educational examples only. Randomly generated, not valid wallet phrases - never use them to store funds. Details: bip39-pharse.com/security/

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