

From: Brad Fowler <brad@fowlervalue.com>
Sent: Wednesday, September 15, 2010 6:15 PM
To: PosLimits <PosLimits@CFTC.gov>
Cc: Gensler, Gary <GGensler@CFTC.gov>; Dunn, Michael <MDunn@CFTC.gov>;
Chilton, Bart <BChilton@CFTC.gov>; Sommers, Jill <JSommers@CFTC.gov>;
O'Malia, Scott <SO'Malia@CFTC.gov>
Subject: Position Limits on Silver

Dear CFTC Commissioners:

The purpose of this letter is to express my strong interest in the matter of the setting of reasonable position limits in silver futures trading. As came out in the recent hearing on this matter, it seems apparent that JP Morgan and other "bullion banks" have been taking advantage of extremely large positions in silver futures contracts to control price action and profit at the expense of traders and investors in bullion and mining shares. Reasonable position limits would curtail these manipulative activities and "level the playing field."

Since the new Financial Regulatory Reform law mandates that the Commission institute hard position limits in the trading of all commodities of finite supply, including silver, what remains is how big these position limits should be.

IT IS ALSO VERY IMPORTANT IN MY OPINION, to "see through" the charade of the bullion banks being "exempt" from position limits on the ground that they are "hedging." It seems clear that the very large short positions held by these entities are not "offset" by actual long positions or by physical silver and thus are speculative, not hedging positions. For instance, the fact that JP Morgan "manages" the largest silver bullion ETF does not mean that JP Morgan is the owner of the silver in the ETF and is therefore "hedging" when it takes on extremely large short positions for its own account. It is obvious that each time a run up in the silver price occurs on Comex, short selling is used by the "bullion banks" to turn the price back down. Short selling is also used to "breach" key chart points which brings on "bail out" selling by technical traders, many of whom use algorithm or "computer programs to trade when a price is touched. This "bail out" selling enables the bullion banks to cover their shorts and then once again have the firepower to put these shorts back out again on subsequent rallies. This game has been played for years at substantial expense to other participants in the silver market. It is very good that CFTC is now directed by the new Fin Reg legislation to correct this problem.

In my opinion the so called "one percent" solution advocated by Theodore Butler, a well known expert in the silver markets, is a reasonable answer to the question "how big should trading position limits be?"

The CFTC has a clear duty to prevent control and manipulation of the commodities markets and the new legislation provides the direction necessary to act in a timely manner to do so. These markets will be far better off, once you have acted.

Very truly yours,

Brad Fowler,
Austin, Texas