

July 21, 2010 – When, Not If

### When, Not If

Today, President Obama signed into law the historic Financial Regulatory Reform legislation package. I reviewed this in "A Done Deal" a few days ago, so I won't restate my position here. I'm putting this short missive out to bring your attention to a new video put out by Commissioner Bart Chilton on the same issue. [www.cftc.gov/files/oirm/video/cftc\\_023455.wmv](http://www.cftc.gov/files/oirm/video/cftc_023455.wmv)

I sent the link earlier to a subscriber to test if he could retrieve it, and he responded that he thought that I had produced the video. I didn't, but it was a fair observation, since the centerpiece of Commissioner Chilton's statement affirms that the new law mandates that the CFTC establish position limits in order to prevent market concentration. Position limits in silver to break the stranglehold of concentration on the short side of COMEX silver has been my mission for 25 years. Chilton confirms that will be the law. Please watch the video and then decide if my take is correct.

According to Commissioner Chilton, it seems clear that the new law abruptly alters the former debate of whether the Commission should adopt strict position limits in COMEX silver into what the position limits in COMEX silver should be. This is a remarkable transformation. Suddenly, it's a question of what the position limits in silver should be and when they should be enacted, not if we should have them. Some may wonder how this remarkable transformation came into being, but there is little doubt in my mind that the architect was Gary Gensler.

What should the position limits be in COMEX silver? As I have maintained for two decades, and with which almost 3000 public comments concurred, 1500 contracts is close to the proper number. I based this on real world production and consumption, world and exchange inventories, and an objective comparison of silver with all other commodities of finite supply. The case is easy to make and has been made repeatedly. Now it is up to those opposed to the 1500 contract position limit to state what the limit should be instead and why. There has been conspicuous silence on this matter to date. It is time to break the silence and initiate an honest debate. Of course, it is not just about the level of limits, but in enforcing those limits on the big shorts, like JPMorgan. I assume Commissioner Chilton wasn't excluding JPMorgan from the new law, but he can speak for himself.

As to when legitimate position limits in COMEX silver should be enacted, the proper answer is yesterday. That should always be the regulatory response to a crime in progress. The commissioners can take their time on what the position limits should be in other commodities, but not in silver due to presence of overt concentration and manipulation. But the timing is not up to you or me; it's up to Commissioner Chilton and the other commissioners.

Therefore, I suggest that you ask them when legitimate limits will be initiated and what the limits will be. It's time to stop stalling and for the CFTC to get specific. Silver has been treated as a dirty word by the Commission; something to be avoided in polite company, even though the majority of people writing to the Commission write to them about silver. Enough already. It's time for Commission to come out from the shadows on silver and let us know where they stand. What should the limits be in silver (and why) and when will they be enacted? Don't accept any beating around the bush. Press them to enforce the law now.

Ted Butler

July 21, 2010

[GGensler@cftc.gov](mailto:GGensler@cftc.gov)

[MDunn@cftc.gov](mailto:MDunn@cftc.gov)

[BCilton@cftc.gov](mailto:BCilton@cftc.gov)

[JSommers@cftc.gov](mailto:JSommers@cftc.gov)

[SOmalia@cftc.gov](mailto:SOmalia@cftc.gov)

**Date Created**

2010/07/21