

May 14, 2010 – An Impressive Result

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(Note to subscribers – I'm putting this article in the public domain to thank those who wrote in to the CFTC. It's an extension of something I wrote about yesterday)

The CFTC has published the comments it received in regards to its public hearing on precious metals on March 25. The turnout was much larger than I would have guessed by several times, I'm happy to report. You can read each comment of the nearly 3000 submitted here <http://www.cftc.gov/LawRegulation/PublicComments/10-005.html>

A brief analysis of what must be called an outpouring of public sentiment on an incredibly specific issue. That issue is the concentrated short position in COMEX silver and how it can be eliminated through legitimate position limits. The overwhelming sentiment, in more than 95% the comments by my guesstimate, is that the proper level of silver position limits should be 1500 contracts (7.5 million ounces) held long or short by any one entity. In other words, less than 5% of the comments concerned matters other than silver's short concentration and position limit, even though the meeting concerned all precious and base metals.

Also, 95% of the comments were received on or after April 7, even though comments were first received starting on March 22. I published an article titled, "A Time to Act," on April 7, in which I asked that you write in to the CFTC on this specific silver issue. <http://news.silverseek.com/SilverSeek/1270647063.php>

First, let me sincerely thank you for taking the time to write to the Commission. I confess to being braced for much less than the actual robust turnout, as I've asked people several times in the past to write in on this issue. It was suggested to me that people were tired of writing in to the regulators. In reality, however, it was the right thing to do. Folks let the regulators know this issue was important to them. To those who helped get the vote out, particularly Ed Steer, a special thank you.

To be fair, most of the comments were the exact words I suggested to be submitted in my article. This was intended. The whole exercise was to impress on the Commission the need to limit positions in silver to break up the concentration on the short side. That was accomplished. Now it is up to the Commission and Chairman Gensler. It would appear they have two choices; either establish the proper limits or explain why not. It's not that complicated. That's the beauty of dealing in very specific terms and presenting the case in a rational manner, especially when presented by a great number of people.

In a couple of weeks, Chairman Gensler will have been on the job for a full year. I have been particularly complimentary to the Chairman for how he has performed as a proactive civil servant. I don't regret that. There appears to be an ongoing review of the silver market, as there should be, given all the facts. But if the allegations of a silver manipulation are as accurate as I believe them to be, then a crime still is in progress. That is an outrage in a democratic society when the people have made their will known. It's not just that the will of the people is clear; it is that the people's will is correct.

Ted Butler

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