

From: John Wood <j.w@ns.sympatico.ca>
Sent: Friday, April 16, 2010 9:27 PM
To: Metals Hearing <metalshearing@CFTC.gov>
Subject: Speculative position limits for Silver

Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre 1155 21st Street NW
1155 21st. Street NW

Washington, D.C.

Dear Sir;

I am a Canadian citizen with an investment position in silver bullion. I would like first of all to thank the Commission for their diligence in pursuing the matter of position limits for silver, and discussing the matter of concentration of positions sold short.

Thank you for the opportunity to comment on the issue of position limits for precious metals. I would ask the Commission to establish a speculative position limit in COMEX silver of no more than 1500 contracts.

I believe that the effectiveness of such a limit would be undermined by exemptions from it. Please restrict any hedging exemptions from those limits to legitimate hedgers. Please take steps to put an end the levels of concentration in COMEX silver futures that have been experienced over the past few years on the short side of the market.

I understand that at the Public Meetings on these matters in March an argument was presented to the effect that position limits would reduce liquidity in the silver market. From what I have been able to gather, this is unlikely to be the case. Those taking the overwhelming majority of the short positions are very few in number. An expert in the silver market has pointed out that causing these few large traders on the short side of the market to reduce their positions would actually increase liquidity, not decrease it. He states that legitimate hard position limits in silver, even if those limits were reduced to the 1500 contract level, would only affect less than 1% of all traders on the COMEX. I would ask that the Commission set aside the reduction-of-liquidity argument.

Sincerely,

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