

2/28/2011

ref. Proposed Rule 76 FR 4752

COMMENT

Dear Chairman Gensler and fellow Commissioners,

I urge you to approve the staff's proposal on position limits, including limiting exemptions to bona fide hedgers. I would ask you, however, to readjust the proposed formula in silver. The current formula would result in a position limit of over 5,000 contracts for any single speculator, on an all-months-combined basis. 5,000 contracts is the equivalent of 25 million ounces of silver. This is too high of a threshold in light of the realities of the world silver market. There are only three mining companies in the world who produce more than 25 million ounces of silver per year and only a similar number of industrial consumers using more than that amount. Any speculator holding an amount of silver derivatives greater than what **99%** of the world's silver producers and consumers make or use in a year would have inordinate pricing power. **The purpose of speculative position limits is to prevent such a possibility.**

Please institute a **1500 contract (7.5 million ounce)** position limit for silver.

Sincerely,



Paul R. Cady (retired aerospace engineer)

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