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Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: File Number SR-NYSEArca-2012-66

Dear Ms. Murphy:

This firm represents represent Southwire Company, Encore Wire Corporation, Luvata, and AmRod, as well as RK Capital LLC. Southwire is based in Georgia, Encore in Texas, AmRod in New Jersey, and Luvata has plants in Ohio, Connecticut, Missouri, Kentucky, California, Wisconsin, Texas, and Florida. Together these companies comprise about 50% of the copper fabricating capacity of the United States. RK is an international copper merchant with offices in London and New York.

We make these comments in accordance with the SEC's August 8, 2012 Order in the above-referenced proceeding (Release No. 34-67616), to rebut certain of the assertions and arguments made by BlackRock, Inc., as the ETF sponsor, in the comment letter submitted to the SEC by it on September 12, 2012.

We also reiterate our request, pursuant to Section 19(b)2) of the Securities Exchange Act of 1934, as amended by the Securities Act Amendments of 1975, (15 U.S.C. 78s(b)(2)(B), for an opportunity to make an oral presentation. We propose to make ourselves and clients available at a mutually convenient time after October 10, 2012.

BlackRock takes the position that it should be permitted to list and trade shares of its physical copper-backed ETF on the ground that even if it and its authorized participants remove copper on warrant from LME warehouses, which it admits is their intention, or even if they are successful in preventing such copper from even being deposited on warrant in LME warehouses, which they also admit they intend to do, their proposal to have its ETF hold as much 120,000 metric tons of such copper will not, either alone, or in conjunction with JP Morgan's proposal to have its own ETF hold as much as 60,000 metric tons of such copper, artificially raise prices or cause any shortage of copper needed by fabricators.

To support their argument, BlackRock relies on the same data that J.P. Morgan relies on to show that there is plenty of LME-grade copper available in the supply chain that can either be acquired directly by its authorized participants for deposit into its ETF or can be used to replenish the supply of LME copper its authorized participants take off warrant from LME warehouses directly, and that any shortfall in supply will be quickly remedied by redemption of shares or from additional production from copper mines around the world. These arguments are without empirical support and without merit.

First, BlackRock makes clear that it does in fact intend to have its authorized participants remove copper on warrant from LME warehouses, as well as to try to prevent such copper from even being deposited on warrant in such warehouses. Thus, BlackRock states "The Trust will accept creations using both copper already held in LME approved warehouses of the Trust's custodian, as well as warrantable copper newly delivered to a LME approved warehouse of the Trust's custodian." BlackRock Comment at 2.

As we have demonstrated in our prior submissions, copper on warrant in LME warehouses is the only source of copper available for immediate delivery worldwide, because it is not otherwise subject to existing long-term supply contracts, and thus represents the most logical source of copper for the ETF's of both BlackRock and JPM. However, as we have also demonstrated, the removal from the market of as much as 180,000 metric tons of such copper from the LME warehouses, which at present is nearly all of the LME holdings of such copper worldwide, would have a devastating impact on both near term price and supply.

BlackRock, like JPM, brushes off these concerns as exaggerated and unwarranted. Thus, BlackRock argues that "In addition to exchange inventories, warrantable copper does indeed exist outside of the above-mentioned locations. As of July 2012, total world warrantable copper supply is estimated to be 2.926 million tonnes. Of that amount, it is estimated that 1.358 million tonnes of liquid warrantable copper stocks are available. As of August 31, 2012, 434,105 tonnes of combined copper inventories are held in warehouses registered with the LME, the Shanghai Futures Exchange and the Comex." BlackRock Comment at 2.

However, as we have also demonstrated in our prior submissions, the existence of warrantable copper outside of the LME warehouses does not mean that such copper is available for sale to authorized participants who wish to deposit them into an ETF. BlackRock has not demonstrated that any of the "warrantable" copper it identifies is or will in fact be available for sale to its authorized participants. Except for copper that may be stored in bonded warehouses in China, all such copper is, as far as we know, subject to long-term supply contracts and is "liquid," only in the sense that it is en route to fabricators around the world. Thus, such warrantable copper can be found stored by producers, at ports, on boats or rail cars, or at fabricators. BlackRock has come forward with no evidence that there is a market for immediate delivery of copper in existence at any of these locations. Nor would there be. Such copper is subject to long-term contracts and is not by definition available for sale. To the extent a fabricator has ordered more copper than it needs, or a producer has not sold all of its production, the fabricator and producer generally sell such copper to brokers who take delivery of the copper into LME warehouses, in exchange for warrants.

BlackRock suggests that such copper could instead be sold to its authorized

participants who would, in turn, deposit such copper to its ETF warehouses around the world and in exchange receive shares to sell to the public. However, BlackRock producers no evidence to suggest that such a market, which nowhere exists today, would even develop. As we have demonstrated, we do not believe any producers would want their branded products stored in an ETF warehouse where fabricators can see whose producers' brands are not selling. And significantly, despite having had ample opportunity to do so since its huge offering was first announced in October 2010, BlackRock has come forward with no evidence from any producers suggesting they would ever be willing to sell to authorized participants in ETF's. We believe that producers would in virtually all circumstances prefer to continue to sell their excess inventory directly to brokers for deposit into LME warehouses.

Similarly, BlackRock has come forward with no evidence to suggest that any fabricators would be willing to sell their excess inventory to any authorized participants in its ETF, or that of any other ETF. Nor is there any evidence that any copper fabricator would ever exercise redemption rights to get copper metal. Indeed, there is no evidence that any industrial user of any physical metal which is held by an ETF has ever exercised ETF redemption rights to get access to metal. Consequently, the only entities likely to be exercising redemption rights are authorized participants who are unable to sell their ETF shares -- a circumstance that is only likely to occur when ETF share price appreciation has receded and interest in acquiring new ETF shares has waned. And when that occurs, the market will know that the prices that have been artificially inflated by the ETF's removal of copper from the market will begin their inevitable plummet -- as copper floods back into LME warehouses.

Before that occurs, however, BlackRock's ETF, like JPM's, will continue to be marketed so that enough copper can be removed from warrant in LME warehouses so as to cause near term prices to rise each month in an amount greater than the monthly cost of storage -- in which event ETF share prices will rise. And since anyone purchasing copper ETF's will be doing so in the expectation that prices will rise, there will likely be very little selling of ETF shares in the interim.

BlackRock also suggests that inventory in the Comex and Shanghai exchanges could be made available to support its ETF. With respect to the Comex, as we have demonstrated, only certain Comex brands are warrantable on the LME and the same is true of metal on the Shanghai exchange. In addition, there is no evidence that copper on the Shanghai exchange can be taken for delivery and shipped out of China without incurring substantial duties. Consequently, it is unrealistic to assume that any inventory in China, including inventory in its bonded warehouses, would be available to authorized participants in either BlackRock's or JPM's ETF, and BlackRock has certainly not come forward in its submission with any evidence to suggest that would be the case.

BlackRock asserts that there is no reason to be concerned because copper production will inevitably expand to meet the additional demand. Thus BlackRock states "research reports indicate that refined copper production is projected to be 20.2 million tonnes in 2012, more than 46 times greater than the existing copper inventories held in the exchange warehouses. The large size of the total copper market as compared to exchange inventories belies the assertion that only exchange inventories will be available for creations into the Trust." BlackRock Comment at 2. However, it is undisputed that the demand for copper, particularly in

China which is now the largest single consumer of copper worldwide, will continue to grow, that the annual increase in demand for copper will continue to exceed the annual increase in production thereby continuing to keep copper either in deficit or close to it, that for a variety of reasons, there is a 15-20 year lag time before new copper mines may open, and that capacity from new copper mines that open each year generally replace production from copper mines whose supplies have been exhausted.

In short, there is no empirical evidence whatsoever -- and BlackRock cites none -- to suggest that shortages in copper available for immediate delivery as a result of the creation of ETF's by BlackRock and JPM will in any way be alleviated in the short term, or even within a few years, as a result of increased copper production.

Finally, BlackRock argues that allowing copper backed ETF's to be listed and traded on the Exchange would not result in any shortage of copper or artificial rise in price. Thus, BlackRock states even though its ETF proposes to remove initially as much as 120,000 metric tons of copper from the market, it does not expect that its offering will be so successful in the first three months of launch that the 120,000 level will be reached, and predicts instead that its ETF will succeed in acquiring only a relatively small amount of copper. However, BlackRock offers no assurance that its offering will be so poorly received.

What is more, BlackRock suggests that its offering is really aimed not at small investors with modest pockets, but at institutional investors with much deeper pockets. Thus, BlackRock states, "[i] mportantly, the Sponsor expects that much of the initial demand for Shares will not necessarily represent new incremental investment demand for copper but rather a reallocation of current investments in physical copper by professional copper market participants" and that "[s]uch activity will not represent new incremental demand for physical copper, will not affect available supply and should not affect copper prices." BlackRock Comment at 4.

However, these "professional copper market participants" presumably will know that, as BlackRock represents in its draft registration statement, the more copper that the ETF acquires, the greater the likelihood that the price will move sufficiently upward so as to cover the monthly cost of storage that its ETF shareholders will have to bear. Such investors will also presumably be aware that when BlackRock and JPM announced their intentions to offer copper-backed ETF's on a U.S. exchange in October 2010, near term copper prices within three months increased dramatically to all-time highs and that the backwardation that developed between near term prices and prices further out grew so sharply during this three months period that the market effectively assumed a near term loss of supply of copper for immediate delivery of as much as 110,000 metric tons. Thus, in the world of copper prices, it is often not so much how much actual supply is removed from the market, but how much the market itself expects the supply will be reduced that determines price -- and the experience of what occurred during the period between late October 2010 and February 2011 demonstrates that.

BlackRock's statement that ETF investments by "professional market participants" would represent only a "reallocation" of current investments in the copper market by these participants is also without any empirical support. As BlackRock and JPM both concede, there is no evidence at all of any history of "investments" in the copper market by

"professional market participants" other than, say, investments in copper mining stocks or, perhaps, investments in copper futures and forward contracts. See BlackRock Comment at 7, note 34 ("There is no comprehensive information available regarding the amount of copper that has been held solely for investment purposes over the past 10 years. Additionally, investment demand data for copper is not collected by the International Copper Study Group (ICSG) or the WBMS."). Thus, unlike in markets for precious metals, there is no history here of anyone holding physical supplies of copper for investment purposes -- presumably because the huge cost to store such copper has always made such investments financially impractical.

BlackRock further states that "[o]nly demand for Shares by new investors not currently invested in the physical copper markets could have a theoretical potential to affect available copper supply." BlackRock Comment at 4. Such assertion by BlackRock that only demand for share by "new investors" would impact supply of copper for immediate delivery is without any empirical support. BlackRock nevertheless argues that the benefits of such potential restriction in supply outweigh the adverse impacts. Thus, BlackRock states "[w]hile BlackRock cannot estimate the ultimate demand for Trust Shares from new investors to the physical copper market, we believe that providing such investors with access to an asset class that previously may not have been readily available or accessible (for example, due to the difficulties of physical settlement) will lead to better liquidity and more effective price discovery. As is the case with any good, material additional demand may result in increased prices if there is no change in supply; however, increased demand may have no effect on prices, or result in decreased prices, if offset by increases in supply of similar or greater magnitude." BlackRock Comment at 4.

However, BlackRock has no empirical support for its assertion that removing from the market, at least initially, as much as 180,000 metric tons of copper for immediate delivery, which amount is nearly the entire amount of such stocks currently being held worldwide by the LME in its warehouses, will have little or no impact on supply and price or will lead to "better liquidity or more effective price discovery." To the contrary, history demonstrates the opposite. Thus, in the 1990s, when Sumitomo conspired with an American trader to remove most of the LME stocks of copper in the LME warehouse in Long Beach, California, prices for near term delivery of copper skyrocketed -- resulting in the biggest copper squeeze and corner in history. The only difference between what Sumitomo did and what BlackRock is offering today is that here the cost of removing the inventory will be financed not by conspirators in violation of the antitrust laws, but by investors or, as BlackRock puts it, "professional copper market participants" and unsuspecting "new investors" in the physical copper markets.

Finally, BlackRock argues that even though the SEC is supposed to include in its review of the proposed rule change the impact it might have on the public interests, "These standards do not include evaluation of the effect that the economic activity of the issuer may have on markets different from the market for its own shares, as all the comment letters have suggested." We are aware of no legal authority that suggests that the SEC's review of such proposed rules is so limited in scope so as not to allow for an assessment of the impact such trading may have "on markets different from the market for [BlackRock's] own shares." Indeed, by making this argument, BlackRock is suggesting that even if all of the arguments and empirical evidence that has been presented thus far correctly demonstrate that its offering, along with that of JPM, would have a devastating impact on the U.S. economy, as well as the trading of

shares of many public companies, the SEC is powerless under its mandate to assess the "public interest" to do anything about it. We respectfully disagree. We also respectfully suggest that even if BlackRock were right about the limited scope of the SEC's authority in this area, and it is not, the introduction of the kind of ETF that BlackRock proposes would have an equally devastating effect on the "new investors" who might not know or fully appreciate what may happen once the "professional copper market participants" that BlackRock expects to sell to decide that they have made enough money from squeezing the copper market and, as happens with all squeezes, prices plummet as the market is then flooded with all the copper the ETF had been holding to push prices artificially up and thereby allow its sophisticated "professional copper market participants" to profit handsomely based on this "investor-financed" squeeze.

In this rebuttal, we respectfully incorporate all of our prior comments on this proposed rule, as well as the proposed rule in respect of JPM's offering and we respectfully request an opportunity next month to present our position to the SEC in an oral presentation.

Respectfully,

Robert B. Bernstein /dfm

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