

September 12, 2012

VIA ELECTRONIC MAIL

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

Re: File Number SR-NYSEArca-2012-66; Release No. 34-67616; Proposed Rule Change to List and Trade Shares of iShares Copper Trust Pursuant to NYSE Arca Equities Rule 8.201

Dear Ms. Murphy:

This letter responds to the request of the Securities and Exchange Commission (the "Commission") for comment on the proposed rule change to list and trade shares (the "Shares") of iShares Copper Trust (the "Trust") pursuant to NYSE Arca Equities Rule 8.201. The SEC published notice of the rule filing (the "Notice") on June 27, 2012¹ and received one comment letter.² The Commission subsequently instituted proceedings under Section 19(b)(2)(B) of the Securities Exchange Act of 1934, as amended (the "Act") to determine whether to approve or disapprove the proposed rule change.³

BlackRock, Inc. ("BlackRock") strongly believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act and all other provisions of the Act, and the rules and regulations thereunder. The introduction of the Trust will provide numerous benefits to investors, including a relatively liquid, low cost, transparent means to transact in physical copper. The Trust will be a readily accessible vehicle for investors who might otherwise find it difficult to access the physical copper markets, as well as a more liquid and cost-effective trading vehicle for many current investors in the physical copper markets. These attributes of the Trust are entirely consistent with the intent and purposes of Section 6(b)(5). For these reasons and the additional reasons delineated below, the Commission should approve the proposed rule change.

As described in the Notice and in the Release, the Trust is an exchange traded product ("ETP") whose purpose is to own physical copper transferred to it in exchange for Shares. The investment objective of the Trust is for the value of its Shares to reflect, at any given time, the value of the copper owned by the Trust, less the Trust's expenses and liabilities. BlackRock Asset Management International Inc., an indirect wholly-owned subsidiary of BlackRock, is the sponsor of the Trust (the "Sponsor").

Our comments seek to address the Commission's questions regarding the Trust in the context of the following principal areas: potential to affect the supply of copper available for immediate delivery, potential to affect spot copper prices, the potential for increased likelihood of copper

¹ Securities Exchange Act Release No. 34-67237 (June 22, 2012), 77 FR 38351.

² Letter from Robert B. Bernstein, Vandenberg & Feliu, LLP, to Elizabeth M. Murphy, Secretary, Commission, dated July 18, 2012 (the "V&F Letter").

³ Securities Exchange Act Release No. 34-67616 (August 8, 2012), 77 FR 48181 (the "Release").

market manipulation and comparison to other commodity-based trusts. In addition, we seek to respond to certain specific questions from the Commission regarding the structure of the Trust.

No Adverse Copper Market Impact

The Trust Will Not Adversely Affect the Supply of Copper Available for Immediate Delivery

As stated in the Notice, the Trust will create Shares only in exchange for copper that meets the requirements of the London Metal Exchange (“LME”) and is eligible to be placed on LME warrant⁴ at the time it is delivered to the Trust (“warrantable copper”).⁵ 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. The V&F Letter states that the only copper that might qualify for delivery to the Trust that is not already in LME and Comex division of the CME Group (“Comex”) warehouses is either “(i) part of the supply chain...and therefore not available to be acquired, or (ii) held in bonded warehouses in China and destined for the Chinese market, or (iii) held by the governments of China and South Korea, respectively, for strategic reserves...[and] not available for purchase.”⁶

This assertion is incorrect. In addition to exchange inventories, warrantable copper does indeed exist outside of the above-mentioned locations.⁷ As of July 2012, total world warrantable copper supply is estimated to be 2.926 million tonnes.⁸ 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.⁹

In addition, 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.¹⁰ 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.

The V&F Letter and the letter from Senator Carl Levin in connection with another proposed

⁴ “Warrants” are warehouse receipts which are issued by LME approved warehouses in compliance with LME rules and regulations. As described in the Trust’s registration statement, the Trust’s custodian is authorized to hold the Trust’s copper assets at warehouses located in East Chicago (Indiana), Hull and Liverpool (England), Mobile (Alabama), New Orleans (Louisiana), Saint Louis (Missouri), Rotterdam (the Netherlands) and Antwerp (Belgium). See Exhibit A for additional data regarding LME approved warehouses.

⁵ As with any physically-backed ETP, the assets used in creations and redemptions need to be fungible with respect to both quality and price if the basis of transfer to (in the case of creations) and from (in the case of redemptions) the Trust is to be fair and equitable to existing shareholders. Using warrantable copper ensures the equitability of transfers and provides the transparency (through LME pricing) required for a properly functioning ETP.

⁶ V&F Letter at 2.

⁷ See Exhibit B for information regarding copper usage and supply trends, as well as information regarding refined stocks and physical copper stocks.

⁸ Metal Bulletin Research report entitled “Independent assessment of global copper stocks,” dated August 22, 2012, at 8.

⁹ Source: CPM Group, an independent commodities research firm retained by the Sponsor.

¹⁰ See Exhibit B.

copper-based ETP¹¹ also mistakenly argue that the number of Shares proposed to be registered by the Trust indicate that the Trust will materially reduce the supply of global copper available in the spot market.¹² While the Trust has provided for the registration of 12,120,000 Shares in its registration statement,¹³ as is often the case with offerings made pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), this figure only represents the number of Shares that the Trust would expect to be able to issue throughout the three-year period during which the Registration Statement can be used to effect offers and sales in compliance with the Securities Act. This number, of course, has no connection whatsoever with the ultimate size of the Trust since, on the one hand, there is no guarantee that the Trust will be able to issue any Shares (irrespective of how many Shares it registers for public offering) and, on the other hand, a very successful reception of the Trust would simply mean that additional registration statements under the Securities Act would have to be filed before the three year term referred to above has expired. In other words, to extrapolate from the number of Shares initially registered under the Securities Act the ultimate size of the Trust is drawing a conclusion by linking two variables that have little connection.

Similar to existing metal-based ETPs, the Trust intends to issue Shares on a continuous basis, but issuances of Shares will only occur when authorized participants¹⁴ purchase additional Baskets¹⁵ from the Trust. Further, due to the "open-ended" nature of the Trust, Shares can not only be created but also redeemed, which will result in copper being transferred to the redeeming authorized participant when redemption requests for Baskets are received by the Trust. The Trust will increase its copper assets only if new issuances of Baskets exceed redemptions of Baskets. As stated in the proposed rule change, NYSE Arca, Inc. (the "Listing Exchange") will require that a minimum of 100,000¹⁶ Shares be outstanding at the start of trading; however, given that the initial number of shares to be registered cannot be viewed as indicative of the expected size of the Trust, V&F's assertion that the Trust would result in "the initial removal....of as much [as] 121,200 metric ton[ne]s of physical copper"¹⁷ is incorrect.

The V&F and Levin Letters' allegations regarding immediate removal of substantial amounts of copper from the marketplace through the issuance of Shares of the Trust are contradicted by prior experience of other existing metal-based ETPs. The largest metal ETPs hold gold, silver, platinum and palladium—the SPDR Gold Trust (GLD), iShares Silver Trust (SLV), ETFS Physical Platinum (PPLT) and ETFS Physical Palladium (PALL), respectively. It took almost two years for GLD and PPLT to sell the shares registered in their initial registration statements and one year before SLV sold its initially registered shares.¹⁸ Based on this experience with existing metal-based ETPs that are structured similarly to the Trust, it is highly unlikely that the

¹¹ Letter from Senator Carl Levin to Elizabeth M. Murphy, Secretary, Commission, dated July 16, 2012, File No. SRNYSEArca-2012-28 (the "Levin Letter").

¹² V&F Letter at 1-2; Levin Letter at 4.

¹³ Pre-Effective Amendment No. 4 to Form S-1 Registration Statement for iShares Copper Trust, filed with the Commission on September 2, 2011 (No. 333-170131) (the "Registration Statement").

¹⁴ Each authorized participant must be a registered broker-dealer, a participant in The Depository Trust Company, have entered into an agreement with the trustee (the authorized participant agreement) and be in a position to transfer copper to, and take delivery of copper from, the custodian through one or more copper accounts.

¹⁵ A "Basket" is a block of 2,500 Shares.

¹⁶ 100,000 Shares is equivalent to approximately 1,000 tonnes of copper.

¹⁷ V&F Letter at 1.

¹⁸ We note that PALL has yet to deplete its initial share allotment that it registered in December 2009. Source: CPM Group. See Exhibit C for additional information regarding share registration for GLD, SLV, PPLT and PALL.

Trust will sell all of its registered Shares immediately or in the three months after the Registration Statement is declared effective.

Importantly, 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. As with nearly all well-functioning markets, the spot physical copper market has numerous intermediaries that buy copper from producers for eventual resale to parties with a demand for copper. Such intermediaries hold inventories of tradable physical copper in the normal course of their businesses. Because it is cumbersome to settle trades of physical copper and the Shares will provide a relatively convenient and liquid alternative, the Sponsor expects that many metals dealers and others who already hold physical copper inventory or investments to convert portions of their holdings into warrantable form for purposes of creating Shares.¹⁹ Such activity will not represent new incremental demand for physical copper, will not affect available supply and should not affect copper prices. Only demand for Shares by new investors not currently invested in the physical copper markets could have a theoretical potential to affect available copper supply.

In BlackRock's view, the potential for the Trust to attract new investors to the physical copper market by providing a relatively low cost and efficient means to access the copper market is a compelling benefit of the Trust. While 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. The supply of copper, as well as the demand for it, are dynamic and change in response to numerous factors, including the discovery and development of new mines (the desirability of which, in turn, may depend on expectations of future copper prices).²⁰ Absence of demand may lead to *increased* prices if it also leads to restrictions in supply. For example, BHP Billiton Ltd., the world's largest mining company, put development of a mine that could have produced as many as 750,000 tonnes of copper on hold due to a decline in profits driven in part by declining metal prices.²¹ Additionally, in a recent research report, UBS Investment Research points out that "[t]he progress of some prospective mines which were drilled and studied prior to the [global financial] crisis may have stalled when copper prices fell from late 2008. As prices recovered and then rallied in the second half of 2010, the boards began to approve the [capital expenditure] for the construction of these mines."²² In fact, industry research and projected data²³ suggest that the copper market will be oversupplied (i.e., production will be higher than consumption) by 2013.²⁴ The V&F and Levin Letters mistakenly

¹⁹ The Sponsor's expectation is based on its prior experience as the sponsor of other metal-based ETPs, the iShares Gold Trust (IAU) and SLV, as well as its investigations into the copper market.

²⁰ See "BHP Delays \$68 Billion of Project Approvals as Net Plunges," dated August 22, 2012, available at <http://www.bloomberg.com/news/2012-08-22/bhp-delays-68-billion-of-project-approvals-as-profit-plunges.html>.

²¹ *Id.*

²² UBS Investment Research, Global Commodities report entitled "Copper: Why are we bears?," dated May 1, 2012, at 3.

²³ See Exhibit A.

²⁴ International Copper Study Group, "Copper Market Forecast 2012-2013," dated April 30, 2012. See Exhibit D.

treat the potential for increased copper demand that could result from issuance of Shares as the only factor that could affect physical copper prices, whereas the copper market is quite large and responds to fundamental supply and demand factors with substantially greater impact than the Trust.

No Anticipated Impact on Copper Prices

The V&F and Levin Letters state that changes in copper supplies will “undoubtedly” impact the price of copper. As noted above, prices are a function of at least two factors – demand and supply. However, other factors affect copper prices as well, and correlation data actually indicates a very weak correlation between LME copper prices and global supply and demand balances.²⁵ In general, it would be very difficult to predict the impact of the introduction of a physical copper-backed ETP on price levels or on price volatility due to the many variables that exist. It is impossible to predict how much demand there will be for the ETP and whether the demand will be derived from new or current investors in copper, what the future behavior of those investors will be, the supply/demand dynamics of the overall global copper market outside the ETP, the behavior of direct copper market participants (e.g., mining companies) or fundamental economic factors that contribute to end demand for copper. Furthermore, the increasing supply trend referenced above suggests that even if there is increased demand for copper due in part to the creation of the Trust, oversupply in the future (or the market’s anticipation of oversupply in the future) may affect copper prices to a greater extent than an increase in investment demand for physical copper. In short, there is no empirical basis for the charges in the V&F and Levin Letters that the introduction of the Trust will cause an increase in copper prices. The Sponsor does not claim to know whether the future price of copper will increase or decrease, but recognizes that the direction of copper prices is set by many factors unconnected to the Trust.²⁶

Furthermore, we strongly disagree with the unsupported claims in the V&F Letter that the purpose of the Trust is to “remove enough copper from the market for copper available for immediate delivery...to cause an artificial rise in price.” On the contrary, the purpose of the Trust is to provide investors a new avenue to invest in the copper market by offering an ETP that is designed to reflect, at any given time, the value of copper (less the Trust’s expenses and liabilities).

We also note that the arguments presented by the Levin Letter that attempt to show that a physical-backed copper ETP would increase price volatility are based on research reports and hearing testimony related to futures and other derivative-based instruments, which are inherently different products from the Trust. Nothing in the Levin Letter or the U.S. Senate Permanent Subcommittee on Investigations Reports referenced therein demonstrate that a

²⁵ Source: CPM Group. From January 1996 through May 2012, data from the World Bureau of Metal Statistics (WBMS) indicates that on a monthly basis, the correlation coefficient is a weak -0.25. Additionally, 12-month rolling correlation coefficients from January 1996 to May 2012 range from -0.71 to 0.51. Detailed charts showing correlation coefficients between monthly and annual changes in copper prices and copper supply/demand balance are attached as Exhibit E.

²⁶ We also strongly disagree with the argument made in the V&F Letter that any price increase for copper resulting from the listing and trading of Shares of the Trust will be especially dramatic in the U.S. There exists widespread lack of consensus in the marketplace regarding where authorized participants will have the most ready access to copper and where an authorized participant will be economically incentivized to deliver copper in connection with a creation of Shares of the Trust. Given that it is impossible to predict where an authorized participant will choose to deliver copper for a creation of Shares, the aforementioned assertion from the V&F Letter is baseless speculation.

physical-backed copper ETP would contribute to price volatility. Due to the participation of a broader investor base relative to the current participants in the copper markets, the physical-backed nature of the Trust may in fact reduce price volatility as the Trust may take up excess supply during times when the market is oversupplied and provide an inventory of metal ready for delivery during times when the market is in a shortage.

No Increased Likelihood of Copper Market Manipulation

The Levin Letter maintains that the approval of the rule change will “make the copper market more susceptible to squeezes and corners by speculators”²⁷ and the V&F Letter echoes this sentiment (“the proposed ETF...would allow speculators in the guise of purchasers of shares to create a squeeze on the market”²⁸). We strongly disagree with the notion that the presence of the Trust would increase the likelihood of market squeezes. As conceded in the V&L and Levin Letters, market squeezes have been occurring in the markets since long before the introduction of ETPs, and no evidence whatsoever has been presented to show that the introduction of the Trust will contribute to a market squeeze. Furthermore, as noted above, we expect that current investors in the physical copper markets will be among the more likely investors in the Trust and there is no reason to think that such existing investors are “speculators in the guise of purchasers”²⁹ seeking to create a squeeze on the copper market. Incremental demand from any new investors who currently do not invest in the copper markets will only broaden the investor base in copper, thus potentially reducing the possibility of collusion among market participants towards an artificial market manipulation.

The Levin Letter also notes that trading in the Shares would not be subject to the oversight of the LME, suggesting that the Trust would not be subject to surveillance or commodity regulations. However, the Levin Letter fails to note that trading in the Shares would be subject to the oversight of both the Listing Exchange (including its comprehensive surveillance procedures) and the Commission. In addition, the Commodity Futures Trading Commission (the “CFTC”) has oversight jurisdiction and enforcement authority in respect of manipulation of the underlying copper. We believe that the physical copper market is no more susceptible to manipulation than other existing commodity markets, particularly given these many layers of regulatory oversight.

In the instances of commodity speculation referenced in the Levin Letter (and the U.S. Senate Permanent Subcommittee on Investigations Reports referenced therein), price impact occurred through the use of levered investments such as futures or other derivatives, not through physical-backed commodity products. Therefore, the Levin Letter presents no reason to believe that the structure of an unlevered, physically-backed vehicle such as the Trust renders it any more likely to contribute to market manipulation, it at all. We note that the introduction of ETPs on other metals has not led to any credible evidence of an increase in manipulation of the markets for their underlying metals.

Finally, we strongly disagree with the assertion in the V&F Letter that the Trust risks endangering the price discovery functions of the LME and Comex. As mentioned above, the investment objective of the Trust is for the value of its Shares to reflect at any given time the value of copper held by the Trust (less the Trust’s expenses and liabilities). As an exchange traded investment vehicle that provides daily valuations of its copper assets based on the LME

²⁷ Levin Letter at 7.

²⁸ V&F Letter at 5.

²⁹ Id.

Price,³⁰ we believe that the Trust will enhance price discovery into the copper markets by providing transparency to more market participants.

Comparison to Other Commodity-Based Trusts

As noted in the Release, the Commission has previously approved listing on the Listing Exchange of other commodity-based ETPs backed by gold, silver, platinum and palladium.³¹ Such products have been successfully operating in the marketplace and provide ample support to the introduction of the Trust and other commodity-based metal ETPs. The existence and success of these other commodity-based ETPs demonstrate that investors desire liquid, cost-efficient vehicles for trading physical metals which previously may not have been readily accessible or available to them.

The legal/business structure of these products has been validated in the marketplace and the products function exactly as anticipated. The share prices of these ETPs track the underlying prices of the applicable metal that the ETP is based upon and the arbitrage mechanism associated with ETPs helps ensure that the share price of the ETP and the underlying metal holdings value remain aligned.³² The physical-based nature of these metal-based ETPs protects investors from certain risks associated with other investment vehicles that provide exposure to these same metals markets such as credit and counterparty risk considerations as the issuer of commodity-linked notes. The exchange listing of the metal-based ETPs encourages liquidity of the shares of the ETP. Further, ongoing reporting requirements under the Exchange Act provide investors with relevant information in a timely fashion.

The Trust is almost identical in structure to these existing products. The claims in the V&F and Levin Letters that the Trust would cause disruption in the copper market and result in an increase in the price of copper are baseless speculation and are not supported by any experience with other metal-based ETPs.³³

The V&F and Levin Letters also assert that copper is used exclusively for industrial purposes and is not generally held for investment purposes as a means to distinguish the Trust from other metal ETPs that currently exist; however, there is no basis or evidence provided to support their claims.³⁴ The V&F and Levin Letters state that gold, silver, platinum and palladium are “precious” metals that are primarily used as currency equivalents, but, while this may be true of gold and perhaps silver, there is little plausible reason to regard platinum and palladium as currency equivalents in a manner that copper is not. All four of these metals have industrial

³⁰ Throughout this document, “LME Price” refers to the settlement price (or seller/offer price), while the LME Bid Price refers to the bid/buyer price. See <http://www.lme.com/copper.asp> for additional information.

³¹ As requested by the Commission, attached as Exhibit F, please find information regarding the production and use of the aforementioned metals.

³² To the extent there are disparities in supply and demand that are reflected in the current price of copper, we believe that authorized participants and other market participants will take advantage of arbitrage opportunities arising from temporary discrepancies between the trading price of the Shares and the price of the copper represented by the Shares. These activities of the authorized participants should cause the trading price of the Shares to reflect the price of the copper they represent.

³³ See Exhibit F, which shows that the correlation between precious metals prices and ETP holdings is inconclusive.

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.

uses, like copper, and all but gold are used primarily for industrial purposes. Copper, like the other four metals, demonstrates the basic attributes of any investable asset. Physical assets have historically been used as investments due to their ability to serve as stores of value derived from their finite nature (e.g., land, art, watches, diamonds, etc.). Copper trades on the OTC market, on exchanges such as the LME, the Shanghai Futures Exchange, Comex and others, which clearly demonstrates that copper is utilized for investment purposes and is viewed by the investment community as an investable asset.³⁵ Furthermore, the copper market has a similar institutional market participant base as other physical-metal backed ETPs, and the anticipated authorized participants for the Trust are current investors in the copper market. Arguments similar to those made in the V&F and Levin Letters were also made in connection with the proposed rule change to list and trade shares of iShares Silver Trust (SLV) in 2006, and thus are not new or novel arguments. Comment letters were submitted to the SEC in connection with SLV arguing that “while ETFs have been approved for other commodities, silver is a different market”³⁶ and “silver is a different market [than gold]...[i]t is unfair to compare the proposed silver ETF and the current gold ETF.”³⁷ The Commission, however, in its approval of the rule change to list and trade shares of SLV, rejected these arguments and noted that “the Silver Shares will increase the efficiency and transparency of the market for the underlying instrument, i.e. silver...[t]he Commission also does not believe that the Silver Shares are likely to cause serious liquidity problems in the silver market such that approval of the proposed rule change is not consistent with the Act.”³⁸ Accordingly, the attempts of the commentators to distinguish copper from other metals are without merit.

As noted in the Release, there currently exists a copper-based ETP (ETFS Physical Copper)³⁹ that trades on the London Stock Exchange. We believe this existing copper-based ETP provides sufficient support for the introduction of a similar copper-based ETP in the U.S. and refutes many of the claims by commentators on the negative impact of a copper-based ETP such as the Trust in the US marketplace. Following its initial creation of shares on December 10, 2010, ETFS Physical Copper held approximately 25 tonnes of copper; as of August 8, 2012, ETFS Physical Copper Shares held approximately 1,694 tonnes of copper. The correlation between daily changes in LME copper prices and ETFS Physical Copper Shares is very weak,⁴⁰ which suggests that the launch of ETFS Physical Copper Shares had no observable impact on

³⁵ According to the CFTC Commitment of Traders Report for Comex-traded copper futures, non-commercial market participants accounted for on average 40% of total reported (non-commercial and commercial) copper positions in the first half of 2012. In addition, the CFTC’s Commitment of Traders Report for gold (Comex) and palladium (NYMEX) futures indicates that non-commercial market participants accounted for on average 34% and 44%, respectively, of total reported (non-commercial and commercial) gold and palladium positions in the first half of 2012. The ratio of non-commercial market participants in copper is similar to that for the precious metals markets, revealing a similar level of investment interest in copper as for precious metals.

³⁶ Letter from Congressman J. Gresham Barrett to the Honorable Christopher Cox, Chairman, Commission, dated February 16, 2006. See Exhibit G.

³⁷ Letter from the Silver Users Association to Ms. Nancy Morris, Secretary, Commission, dated February 13, 2006, at 2. See Exhibit H.

³⁸ Securities Exchange Act Release No. 34-53521 (March 20, 2006), 71 FR 14967.

³⁹ According to its offering documents, ETFS Physical Copper is a Jersey-domiciled ETP that is backed by physical copper stored at LME warehouses, the ownership of which is evidenced by LME warrants held by the issuer. All physical copper is held in LME approved warehouses and conforms to LME standards. Although this ETP is not a United States-domiciled or listed product, we would expect the Trust to behave in a substantially similar manner to ETFS Physical Copper.

⁴⁰ A detailed chart showing ETFS Physical Copper holdings vs. LME cash copper prices is attached as Exhibit I. Since ETFS Physical Copper was launched, LME inventories have varied between 215,350 tonnes and 477,925 tonnes, while that fund’s holdings of copper rose to a maximum of 6,867 tonnes.

copper prices or the copper market. Additionally, since the introduction of ETFS Physical Copper Shares to the market, the price of copper has decreased from \$9115 to \$7667⁴¹ (as of August 23, 2012), further demonstrating that the claims made in the V&F and Levin Letters regarding the potential impact of the Trust on copper prices are not supported by empirical evidence.

Structure and Purpose of the Trust

As noted in the Release, the Trust will store copper in LME approved warehouses of the Trust's custodian around the world. In response to the Commission's questions regarding valuation of the Trust's copper assets, we note that the value of the Trust's Shares will be determined using the LME Bid Price.⁴² Because any warrant (regardless of location) can be delivered to a buyer at the LME Bid Price, the Trust does not assign locational premia to its approved warehouses and the value of the Trust's copper assets is not dependent on its location. We believe that the Trust's proposed structure of using LME warrantable copper is most efficient and transparent to the marketplace. As discussed above, the Trust will allow creations using warrantable copper already held within an LME warehouse (and thus potentially on warrant prior to its introduction into the Trust) or warrantable copper newly delivered into a LME approved warehouse of the Trust's custodian. This structure allows an authorized participant to receive warrants⁴³ following the settlement of a redemption transaction and thus reconcile its position in both underlying copper (as represented by the warrant) and the Shares of the Trust more effectively since the net asset value per Share ("NAV") is based on the LME Bid Price.

The Trust Meets Standards for Approval of Proposed Rule Change

The standards for approval of the proposed rule change under Section 6(b)(5) are that an exchange's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. 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 believe the Trust meets these standards for approval under Section 6(b)(5). In particular, we note the following features of the Trust's structure and purpose:

- The Trust offers complete transparency through its website, where information on the Trust's copper holdings as well as additional detailed data regarding the Trust will be available.

⁴¹ \$9115 and \$7667 are LME Bid Prices, which are \$1 and \$0.5, respectively, lower than the settlement price (or seller/offer price), which is more widely quoted than the LME Bid Price.

⁴² The LME Price is considered the global benchmark for physical contracts for copper. It is actionable, widely followed and transparent to market participants. Because the LME Bid Price represents an actual price quoted on the LME by a buyer of copper of the same quality and specifications as that owned by the Trust, the Sponsor believes that it is the most appropriate price for valuation of the Trust's copper holdings. Further, Financial Accounting Standards Board Statement 157 states that valuation of a fund's assets should reflect the "price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price)."

⁴³ The cost to take copper off warrant and place it on warrant is currently \$10/tonne, and the process generally takes one to two business days.

- Valuations of copper used by the Trust will be provided daily based on that day's announced LME Bid Price. As stated above, the LME Price is considered the global benchmark price for physical contracts of copper.
- We expect the continuously offered and redeemed nature of the Trust's Shares and the arbitrage mechanism described above to facilitate the correction of any discrepancy between the Share price and the price of the underlying copper.
- By providing a physical copper-based investment vehicle on a national listing exchange that is made available to US investors, subject to surveillance and listing rules, trading of the Shares contributes to the goal of an open market and a national market system.

Therefore, the approval of the rule change is consistent with Section 6(b)(5) of the Act and the disapproval of the rule change would be inconsistent with Section 6(b)(5).

We thank the Commission for providing BlackRock the opportunity to comment on the Release, and we would be pleased to assist the Commission in any way we can to ensure that the Commission's consideration of the issues raised in the Release will most benefit investors. If we can answer any questions or provide any further information regarding any of BlackRock's views, please do not hesitate to contact the undersigned.

Sincerely,



Ira P. Shapiro
Managing Director
BlackRock, Inc.



Deepa A. Damre
Director, Legal and Compliance
BlackRock, Inc.

Exhibit A

How much copper is held at each of the approved warehouses? How much of the copper held at each of the approved warehouses is on LME warrant?

LME Total Inventories					LME Cancelled Inventories				
<i>Metric Tonnes</i>	Year end				<i>Metric Tonnes</i>	Year end			
	2008	2009	2010	2011		2008	2009	2010	2011
Global	339,775	502,325	377,550	370,900	Global	4,725	2,625	19,475	44,075
Americas	104,925	283,400	284,450	285,275	Americas	175	50	16,300	25,575
U.S.	104,925	283,400	284,450	285,275	U.S.	175	50	16,300	25,575
Baltimore	800	-	5,425	625	Baltimore	175	-	1,000	400
Chicago	2,625	25,550	38,425	48,675	Chicago	-	-	2,000	2,150
Mobile	23,125	9,875	6,425	3,250	Mobile	-	-	-	425
New Orleans	42,225	168,675	131,900	128,375	New Orleans	-	-	13,275	21,950
St. Louis	36,150	79,300	102,275	104,350	St. Louis	-	50	25	650
Asia	72,700	139,825	62,625	37,150	Asia	475	2,200	-	8,600
Malaysia	-	3,575	1,925	2,300	Malaysia	-	-	-	1,125
Johor	-	3,575	1,900	2,125	Johor	-	-	-	1,100
Port Klang	-	-	25	175	Port Klang	-	-	-	25
Singapore	11,375	25,350	11,175	9,850	Singapore	175	-	-	100
South Korea	61,325	110,900	49,525	25,000	South Korea	300	2,200	-	7,375
Busan	36,850	98,600	40,800	17,675	Busan	300	2,200	-	7,350
Gwangyang	22,900	5,525	3,700	6,250	Gwangyang	-	-	-	25
Incheon	1,575	6,675	5,025	1,075	Incheon	-	-	-	-
Europe	162,125	78,600	30,475	48,475	Europe	4,075	375	3,175	9,900
Belgium	2,025	2,325	750	425	Belgium	200	-	-	75
Antwerp	2,025	2,325	750	425	Antwerp	200	-	-	75
Germany	15,975	12,025	10,025	7,800	Germany	100	-	1,400	6,225
Hamburg	15,975	12,025	10,025	7,800	Hamburg	100	-	1,400	6,225
Italy	27,450	5,125	3,575	7,900	Italy	2,200	50	200	1,175
Genoa	-	-	-	-	Genoa	-	-	-	-
Leghorn	24,200	4,725	3,575	6,475	Leghorn	2,200	-	200	250
Trieste	3,250	400	-	1,425	Trieste	-	50	-	925
Netherlands	90,700	35,000	14,325	31,250	Netherlands	950	275	1,575	2,425
Rotterdam	83,075	35,000	14,325	29,525	Rotterdam	950	275	1,575	1,825
Vlissingen	7,625	-	-	1,725	Vlissingen	-	-	-	600
Spain	23,475	13,200	1,525	1,025	Spain	625	-	-	-

LME Total Inventories					LME Cancelled Inventories				
<i>Metric Tonnes</i>	Year end				<i>Metric Tonnes</i>	Year end			
	2008	2009	2010	2011		2008	2009	2010	2011
Barcelona	2,200	-	-	-	Barcelona	-	-	-	-
Bilbao	21,275	13,200	1,525	1,025	Bilbao	625	-	-	-
Sweden	-	-	-	-	Sweden	-	-	-	-
Helsingborg	-	-	-	-	Helsingborg	-	-	-	-
United Kingdom	2,500	10,925	275	75	United Kingdom	-	-	50	-
Hull	2,200	-	-	-	Hull	-	-	-	-
Liverpool	300	10,925	275	75	Liverpool	-	-	50	-
Middle East	25	500	0	0	Middle East	-	-	-	-
UAE	25	500	0	0	UAE	-	-	-	-
Dubai	25	500	0	0	Dubai	-	-	-	-

* As described in the Trust's registration statement, the Trust's custodian is authorized to hold the Trust's copper assets at warehouses located in East Chicago (Indiana), Hull and Liverpool (England), Mobile (Alabama), New Orleans (Louisiana), Saint Louis (Missouri), Rotterdam (the Netherlands) and Antwerp (Belgium).

Exhibit B

What was the world mine production capacity in each of the past 10 years? What data is available regarding projected world mine production over the next 3 to 5 years? What factors impact the ability to increase or decrease mine production?

<u>Copper Mine Production</u>		<u>Copper Mine Capacity</u>	
<i>Thousand Tonnes</i>		<i>Thousand Tonnes</i>	
2001	13,633	2001	14,572
2002	13,577	2002	15,233
2003	13,575	2003	15,408
2004	14,594	2004	16,123
2005	14,922	2005	16,851
2006	14,990	2006	17,174
2007	15,483	2007	18,061
2008	15,524	2008	18,743
2009	15,903	2009	19,515
2010	16,036	2010	19,897
2011	16,035	2011	20,304
2012p	16,677	2012p	20,874
2013p	17,428	2013p	21,815
2014p	18,308	2014p	23,605
2015p	19,223	2015p	26,159

Source: The International Copper Study Group (ICSG), CPM Group

Source: ICSG

Copper mine output is directly related to volumes of ore mined and milled, metallurgical recoveries, and input and processing costs. A multitude of endogenous factors can influence the yields from the process in addition to a plethora of exogenous factors that can disrupt production at various stages throughout the value chain. Some common factors that impact a mine's ability to increase or decrease production include ore grades, recovery rates, long term off-take contracts, weather, labor disruptions, and equipment outages.

The timing and pace of the commencement of new development and expansion projects shapes the forecast forward mine supply curve. The potential for projects to encounter higher than anticipated costs as well as financing and permitting holdups may lead to delays. Geological, technical, and political hurdles can also plague projects. If these issues are not properly addressed, projects could face multiple setbacks and cost overruns, or may even be slashed before the mine is ever brought to production.

What was the refined production in each of the past 10 years? How much of the refined production was from primary and secondary sources? What was the world refinery capacity in each of the past 10 years? What data is available regarding projected refined production over the next 3 to 5 years? What factors impact the ability to increase or decrease refinery production?

Copper Refined Production		Primary Cu Refined Production*		Secondary Cu Refined Production		Total Copper Refined Capacity	
<i>Thousand Tonnes</i>		<i>Thousand Tonnes</i>		<i>Thousand Tonnes</i>		<i>Thousand Tonnes</i>	
2001	15,638	2001	13,746	2001	1,892	2001	17,772
2002	15,354	2002	13,457	2002	1,898	2002	18,323
2003	15,272	2003	13,485	2003	1,786	2003	18,808
2004	15,918	2004	13,848	2004	2,069	2004	19,153
2005	16,572	2005	14,411	2005	2,161	2005	20,211
2006	17,291	2006	14,678	2006	2,613	2006	20,555
2007	17,933	2007	15,190	2007	2,743	2007	21,823
2008	18,239	2008	15,416	2008	2,823	2008	22,658
2009	18,321	2009	15,491	2009	2,830	2009	23,467
2010	18,957	2010	15,707	2010	3,250	2010	23,838
2011	19,650	2011	16,167	2011	3,483	2011	24,569
2012p	20,240					2012p	25,586
2013p	21,180					2013p	26,537
2014p	22,333					2014p	27,497
2015p	23,261					2015p	28,872

Source: ICSG, CPM Group

Source: ICSG

Source: ICSG

Source: ICSG

* Primary refined production in a given year does not equal mined production during that year due to residual unrefined mine output from the previous year(s) or residual mine output from the current year not being refined until the following year(s).

Copper refined output is directly related to the availability of concentrate, blister, and scrap supplies, processing recoveries and level of deleterious metals, and input and processing costs. Similar to mine production a large number of endogenous and exogenous factors can impact a refiner's ability to increase or decrease production including, concentrate, blister, or scrap grades, recovery rates, treatment and refining contracts, energy prices, and prices of recovered byproduct metals and products.

What was the world refined usage in each of the past 10 years? What data is available regarding projected usage over the next 3 to 5 years?

Refined Copper Demand

Thousand Tonnes

2001	15,009
2002	15,210
2003	15,717
2004	16,838
2005	16,674
2006	17,034
2007	18,196
2008	18,054
2009	18,152
2010	19,390
2011	19,888
2012p	20,413
2013p	21,083
2014p	21,906
2015p	22,683

Source: ICSG, CPM Group

Refined demand statistics and forecasts are available for sale from several independent commodities research groups and this data also can be complimentary for certain bank customers.

The ICSG also makes publically available consumption statistics on a monthly basis, with a 3 to 4 month lag in data.

What factors account for refined stocks decreasing less than the deficit amount (or even increasing) in 2010 and 2011? Are there any factors with respect to the supply of copper available for immediate delivery that the Commission should consider in evaluating the market's ability to meet demand for copper? When a deficit occurs, are copper fabricators and other end users able to access copper to meet excess demand? If so, what are the sources of that copper? How much copper is available for immediate delivery that is not on LME warrant?

Since the market balance reported by the ICSG is comprised of refined supply less fabrication demand for reporting countries and members or apparent trade data there are justifiable reasons why changes in the market balance may not match the changes in reported stocks. For instance:

- Changes in unreported stocks, supply and demand of copper, such as metal held at bonded warehouses and by market participants in non-member or non-reporting countries (ICSG and the WBMS both collect data from most countries but these are not an all-encompassing lists, and many independent commodity research groups only reports data from members or a select list of countries);
- Changes exchange stocks that are not accounted for in fabrication demand and supply statistics, such as demand related to investors (CPM Group confirms that there is no reliable information available regarding the amount of copper that has been held for investment purposes); and;
- Supplies from artisanal miners and/or illegal processors and demand illegal fabricators can skew global supply and demand balances and stocks.

Reported stock of copper only account for copper that has already been refined, however, other sources of copper supply exist. Secondary copper can easily be processed into warrantable copper. Since 1960 more than 475 million tonnes of copper have been mined globally. While it is impossible to quantify how many above ground resources of copper currently exist, every year there is an abundance of copper in fabricated products that reaches its end of product life. Depending on the margins for secondary produces, this supply can easily make its way to the market in a matter of days or weeks compared to months for existing mines.

During years when the refined copper market is in a deficit copper fabricators and other end users can consume supplies from warehouses stocks held by producers, consumers, merchants and traders, governments, and exchange warehouses. At the end of 2011, stocks held at the London Metal Exchange (LME), Shanghai Futures Exchange (SHFE), and Comex amounted to roughly 45% of total world refined stocks, as reported by the ICSG. However, over the past five years this contribution has ranged from 25% to 50%. Additionally, the direct use of copper scrap (unrefined copper) is commonly consumed to offset shortfalls in refined supply.

How much copper is currently held in LME warehouses? How much of the copper currently held in LME warehouses is on warrant?

As of the end of August 2012, 229,900 tonnes of copper were held in LME warehouses. Of this copper, 192,975 tonnes, or 84%, of copper were classified as live warrants.

How much copper in LME warehouses is available for investment purposes?

Theoretically all of LME live warrant stocks are available for investment purposes.

How much copper is held in Comex, Shanghai Futures Exchange (“SHFE”), and Multi Commodity Exchange of India (“MCX”) warehouses?

As of the end of August 2012, 158,065 tonnes of copper were held at SHFE warehouses and 46,140 tonnes of copper were held at Comex warehouses. MCX does not have warehouse holdings of copper.

How much copper held in Comex, SHFE, and MCX warehouses is eligible to be placed on LME warrant (i.e., is of a brand registered with the LME)?

While the LME Delivery Specifications has a higher cathode purity level (>99.99%) than Comex, SHFE, and MCX, which is >99.95%, many of the same brands of copper are approved for multiple exchanges. In total, there are 80 brands of copper from 28 countries that are approved as ‘good delivery’ against LME contracts and can have new warrants created for this brand. Many of the copper producers with LME approved brands produce copper cathode for the physical market as well as for delivery on contracts at other exchanges. Currently 45 brands, or 78% of all Comex brands, are acceptable brands for delivery on both Comex and LME contracts. For the Shanghai Futures Exchange (SHFE), of the 87 listed SHFE brands there are 36 SHFE approved brands that also are registered with the LME.

How much of this LME warrant-eligible copper is available for investment purposes? Where is this copper located?

Theoretically all of LME warrant-eligible copper is available for investment purposes, however, the quantity of copper available in the physical market or at other exchanges that meets LME specifications for “good delivery” cannot be accurately calculated, as detailed reporting on copper specifications is not typical for the industry.

How much copper is eligible to be placed on LME warrant?

If the canceled warrant meets LME specifications for “good delivery,” then it can be re-registered with the LME as a live warrant. The delisting of a brand would be the primary reason a canceled warrant could not be eligible to be placed on LME warrant.

Exhibit C

	Latest Holdings	Initial Registered Shares	Equivalent Troy Ounces	Date of Registration	Date Holdings Approached/ Exceeded Level	Holdings that Day	Elapsed Time (Months)
<u>Gold</u>							
GLD	40,450,726	120,000,000	12,000,000	11/16/04	7/5/2006	12,056,690	21
<u>Silver</u>							
SLV	313,226,432	13,000,000	130,000,000	4/24/2006	3/29/2007	130,956,776	12
<u>Platinum</u>							
PPLT	482,391	4,780,000	478,000	12/23/2009	8/26/2011	480,285	22
<u>Palladium</u>							
PALL	797,564	12,880,000	1,288,000	12/23/2009	N/A	N/A	35+

Note: ETPs featured in table are largest by holdings as of 13 August 2012.

Source: CPM Group

Exhibit D

(Attached)



International Copper Study Group

Copper Market Forecast 2012-2013

The International Copper Study Group (ICSG) met in Lisbon, Portugal on 26-27 April 2012. Government delegates and industry advisors from most of the world's leading copper producing and using countries met to discuss key issues affecting the global copper market. In its meeting of the Statistical Committee, the ICSG view of the world balance of refined copper production and use was developed.

Copper Market Forecast 2012-2013

According to preliminary ICSG data for 2012, world demand for refined copper is expected to exceed production of refined copper by about 240,000 metric tonnes (t), as supply will continue to lag behind the growth in demand. This would be the third consecutive year of production deficit. In 2013, however, increased output from new and existing mines could reverse the 3-year trend, and, based on initial projections, refined copper production could exceed demand by about 350,000 t.

Though significant on a cumulative basis, the annual deficits and current projected surplus for 2013 are relatively small compared with the market size. Thus, in developing its projections, the ICSG recognized that numerous factors including a world economic slow down, European Union sovereign debt issues, political disturbances in the Middle East and North Africa, and production shortfalls owing to labor unrest, utility and capital shortages, and technical factors create significant uncertainty, and that the global market balances could vary from those projected.

Apparent copper usage for China, the leading global consumer of copper accounting for about 40% of world demand, is based only on reported data (production + net trade +/- SHFE stock changes +/- industry stock changes, if reported) and does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader], which may be significant during periods of stocking or de-stocking and which could significantly alter projected supply-demand balances.

After being hampered by operational constraints, lower head grades, adverse weather conditions and labor unrest in 2011, world copper mine production in 2012 (adjusted for unanticipated disruptions) is projected to increase by around 5.1% (810,000 t) to 16.9 million metric tonnes (Mt). Capacity utilization rates are expected to improve from 79% in 2011 to an average of 81% in 2012. Growth in mine output will mainly be from restoration of production at existing operations rather than from new projects. While some expansions and startups will occur in 2013 that will help boost mine production by 7.6% to 18.1 Mt, deferrals and delays in projects have postponed most of anticipated new supply to 2014 or later.

In 2012, world refined copper production is expected to remain constrained by a shortage of concentrates and is projected to increase by only about 2.5% to reach 20.15 Mt. In 2013, with improved concentrate availability, refined copper production is expected to grow by 6.9%, Electrowon copper production and secondary refined production are expected to grow by about 160,000 t and 190,000 t, respectively, in 2012, and by about 130,000 t and 180,000 t, respectively, in 2013.

ICSG expects world apparent refined usage in 2012 to grow by only 2.5% from that in 2011 to 20.4 Mt. Demand growth in China is anticipated to slow to 3.6%, a contraction in demand is expected for the EU, no growth is foreseen for usage in Japan, and U.S. usage is expected to grow by 3.9%. For 2013, improved macro-economic conditions are expected to generate copper demand growth of 3.9%: Chinese usage is foreseen to increase by 4.9% and the rest of the world by 3.3%.

FORECAST TO 2013									
REGIONS (1000 t)	MINE PRODUCTION			REFINED PRODUCTION			REFINED USAGE		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Africa	1,306	1,471	1,740	961	1,165	1,320	282	275	291
N.America	2,146	2,291	2,511	1,706	1,776	1,876	2,202	2,281	2,355
Latin America	6,848	7,532	7,879	3,716	3,695	3,765	592	609	650
Asean-10	766	680	910	518	449	567	734	782	824
Asia ex Asean/CIS	1,768	1,875	2,153	8,048	8,711	9,307	11,387	11,749	12,276
Asia-CIS	470	513	537	428	490	505	99	100	102
EU-27	788	791	813	2,717	2,748	2,772	3,300	3,264	3,309
Europe Others	844	855	865	1,079	1,109	1,144	1,165	1,200	1,254
Oceania	1,099	1,225	1,314	477	503	503	123	125	127
TOTAL	16,035	17,233	18,722	19,650	20,646	21,760	19,885	20,386	21,188
World adjusted 1/ 2/	16,035	16,848	18,127	19,650	20,149	21,549	19,885	20,386	21,188
% change	0.0%	5.1%	7.6%	3.4%	2.5%	6.9%	2.7%	2.5%	3.9%
Refined Production - Usage Balance							-235	-237	360

1/ Based on a formula for the difference between the projected copper availability in concentrates and the projected use in primary refined production; 2/ Allowance for supply disruptions based on average ICSG forecast deviations for pre-recession years 2003/2007.

Exhibit E

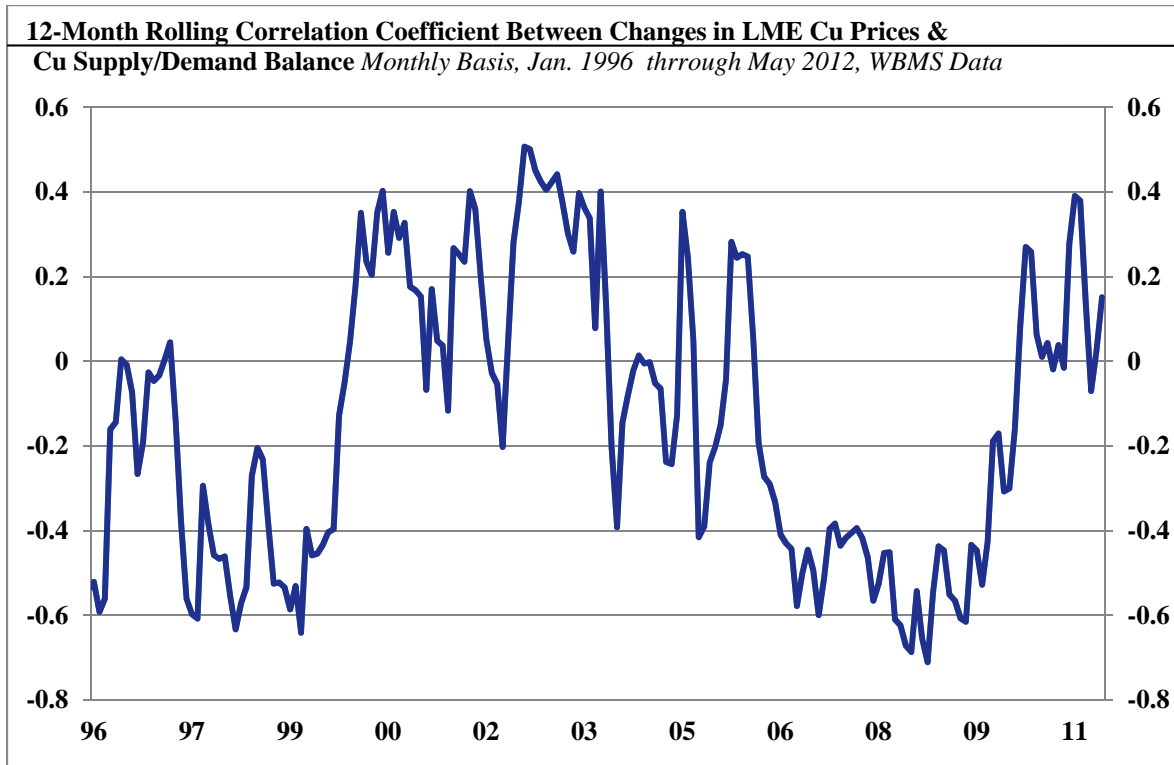
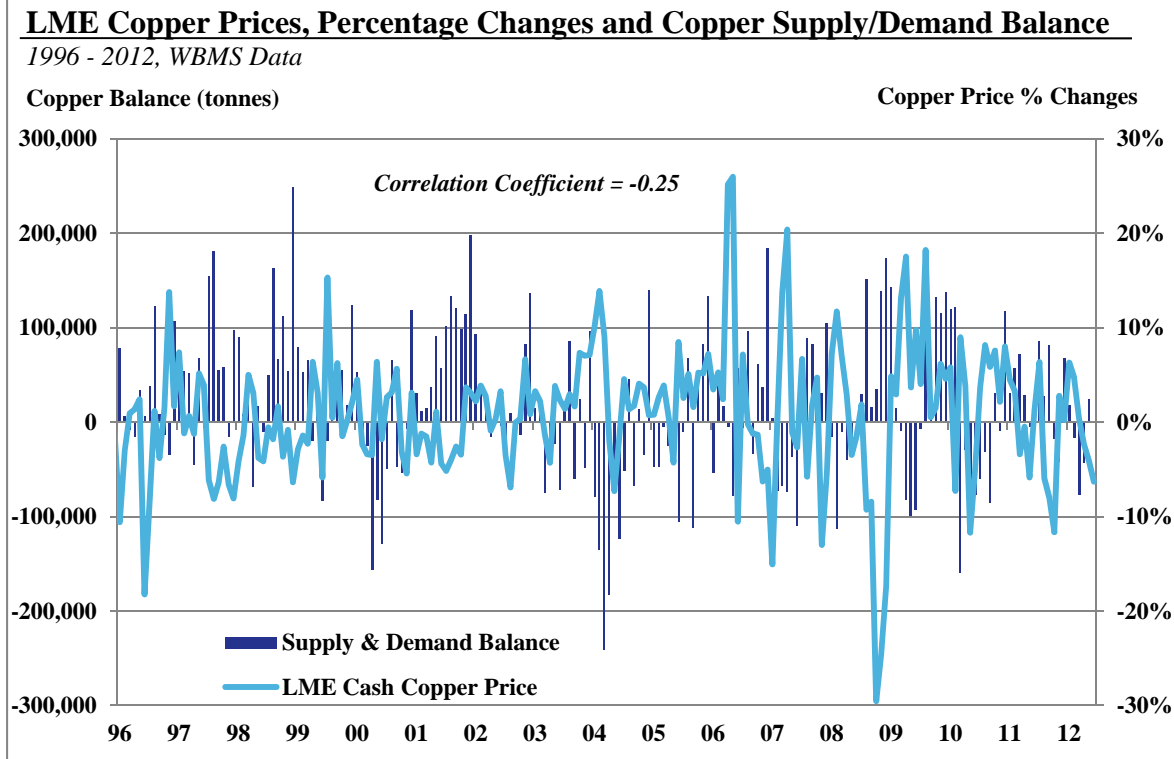


Exhibit F

How much gold, silver, platinum, and palladium has been produced in each of the last 10 years?

World Precious Metals Mine Production					World Precious Metals Secondary Supply				
<i>Million Troy Ounces</i>					<i>Million Troy Ounces</i>				
Year	Gold	Silver	Platinum	Palladium	Year	Gold	Silver	Platinum	Palladium
2000	81.5	589.7	4.8	4.6	2000	22.5	241.6	0.5	1.4
2001	81.6	606.6	5.6	6.7	2001	23.5	252.8	0.6	1.5
2002	80.9	608.2	5.4	4.7	2002	27.5	237.9	0.6	1.3
2003	81.0	611.2	6.1	6.4	2003	30.3	258.6	0.7	1.3
2004	77.4	645.6	6.3	6.9	2004	28.2	245.2	0.7	1.3
2005	78.8	666.1	6.7	7.1	2005	29.4	283.1	0.8	1.4
2006	74.9	671.4	7.0	7.4	2006	27.6	292.5	0.8	1.4
2007	74.3	698.2	6.7	7.3	2007	33.8	276.3	0.9	1.5
2008	72.5	703.3	6.3	6.5	2008	39.8	276.0	1.0	1.6
2009	77.6	739.2	6.0	6.3	2009	41.2	276.6	0.8	1.3
2010	79.9	744.6	6.2	6.6	2010	40.3	286.3	1.0	1.7
2011	81.7	775.0	6.4	6.9	2011	40.6	281.5	1.0	1.7
2012p	83.7	782.1	6.2	6.7	2012p	40.7	281.8	1.0	1.8

Source: CPM Group

Source: CPM Group

How much gold, silver, platinum, and palladium has been used for investment purposes in each of the last 10 years?

Please note that the only reported data on investment demand are coin sales from select mints and ETP holdings. One cannot infer that additions to ETP holdings over the past several years reflect new investment demand. These additions may very well be the transfer of existing non-reported holdings to ETPs. Other sources of investment demand are implied based on the supply and fabrication demand balances in these markets.

World Precious Metals Annual Surplus/Deficit				
<i>Million Troy Ounces</i>				
Year	Gold	Silver	Platinum	Palladium
2000	9.7	-111.6	-1.2	-1.5
2001	17.5	-47.2	-0.3	3.1
2002	34.1	-49.3	-0.6	0.5
2003	46.2	-51.2	-0.1	2.1
2004	36.8	-94.2	-0.2	1.7
2005	42.0	-78.5	-0.1	1.2
2006	27.0	32.3	0.0	1.2
2007	36.7	34.5	-0.3	1.0
2008	28.4	55.5	-0.2	0.7
2009	31.2	146.8	-0.2	0.6
2010	36.7	129.0	-0.1	0.4
2011	34.4	133.2	0.0	0.6
2012p	34.2	125.6	-0.5	0.0

Note: Annual surplus/deficit figures are indicative of metal available for investment.

Source: CPM Group

How much gold, silver, platinum, and palladium has been used for industrial purposes in each of the last 10 years?

World Precious Metals Annual Fabrication Demand

Million Troy Ounces

Year	Gold	Silver	Platinum	Palladium
2000	111.1	898.6	6.4	7.6
2001	96.8	858.9	6.5	5.2
2002	86.9	850.2	6.7	5.4
2003	83.5	867.9	6.8	5.6
2004	86.4	917.1	7.2	6.6
2005	88.8	953.4	7.5	7.2
2006	88.2	857.5	7.8	7.6
2007	89.7	868.9	7.8	7.8
2008	86.1	855.3	7.5	7.4
2009	70.8	803.6	7.0	7.0
2010	72.4	843.5	7.2	7.8
2011	72.9	861.9	7.4	8.0
2012p	75.1	879.2	7.6	8.5

Note: These figures include jewelry demand, which is most significant for the gold and silver markets and, to a lesser extent, the platinum market.

Source: CPM Group

Are there any other uses of gold, silver, platinum, and palladium relevant to understanding utilization of these precious metals?

No.

What are the current and historic stocks of gold, silver, platinum, and palladium? Is there any empirical evidence that the listing of CB-ETPs backed by gold, silver, platinum, or palladium impacted prices in these markets?

There is no strong correlation between changes in precious metals ETP holdings and changes in prices. The 12-month rolling correlation coefficient between precious metals price and ETP holdings changes are inconsistent, having varied from -0.60 to 0.80 (as detailed in the chart below).

12-Month Rolling-Correlation Coefficient between Precious Metals Prices and ETP Holdings
Month-End Data, Through July 2012

Correlation Coefficient

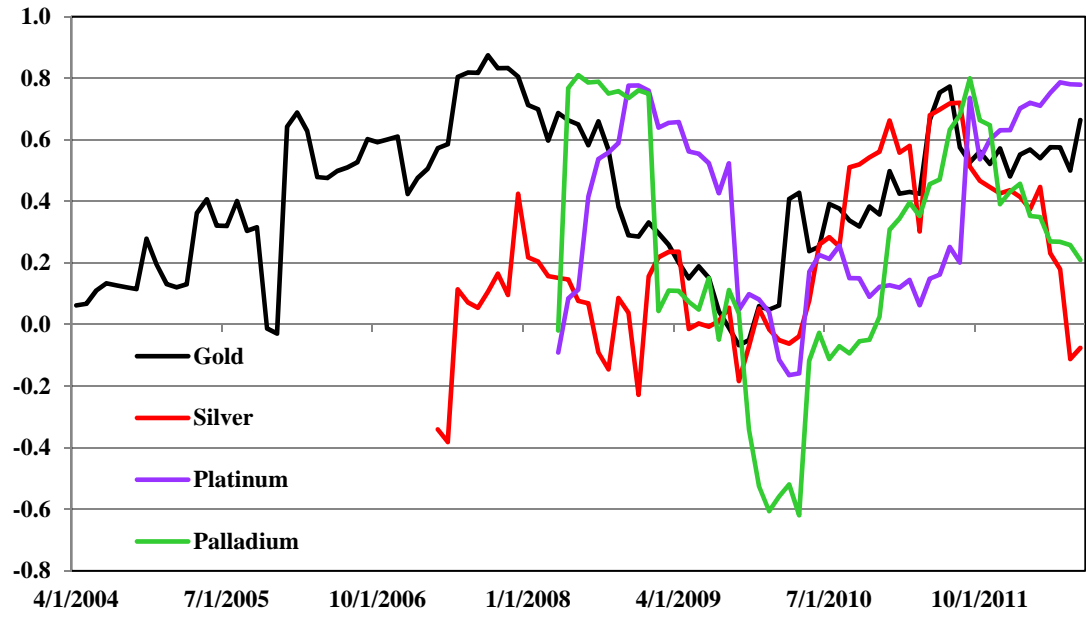


Exhibit G

(Attached)

J. GRESHAM BARRETT
THIRD DISTRICT, SOUTH CAROLINA
ASSISTANT MAJORITY WHIP

HOUSE COMMITTEES:
BUDGET
FINANCIAL SERVICES
INTERNATIONAL RELATIONS

WASHINGTON OFFICE:
1525 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5301
FAX: (202) 225-3216

The Honorable Christopher Cox
Chairman
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

RECEIVED
Congress of the United States
House of Representatives
Washington, DC 20515-4000
February 16, 2006
2006 FEB 16 PM 2:13
ES 115359
CHAIRMAN'S
CORRESPONDENCE UNIT

DISTRICT OFFICES

AIKEN:
233 PENDLETON STREET, NW
AIKEN, SC 29801
(803) 649-6571
FAX: (803) 649-4039

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315 SOUTH MCDUFFRE STREET
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(864) 224-7401
FAX: (864) 225-1049

GREENWOOD:
115 ENTERPRISE COURT, SUITE B
GREENWOOD, SC 29649
(864) 223-8251

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

FEB 28 2006

DIVISION OF MARKET REGULATION

Dear Chairman Cox:

I am writing to express my concern with a proposed rule change to create an exchange-traded fund (ETF) in silver. (Federal Register Vol. 71, No. 14 at pg. 3570, January 23, 2006; Release No. 34-53130; File No. SR-Amex-2005-072.)

I am concerned this new financial investment product could make silver too expensive or illiquid causing a negative impact on many U.S. manufacturing operations and many U.S. manufacturing jobs.

As you know, silver is a critical and irreplaceable component to many industrial and photography products. Creating a silver ETF could cause silver's spot price to increase as silver is removed from the open market, resulting in an artificial supply decrease. As a result, a silver ETF could mean higher product costs and lost jobs in industries that rely on silver.

While ETFs have been approved for other commodities, silver is a different market. Most importantly, silver is a relatively small market and consequently more subject to speculative behavior and volatility. An ETF requiring the holding of silver in allocated accounts could strain market liquidity and introduce a new element of volatility.

For example, in the six months following the purchase of over 100 million ounces of physical silver in 1998 silver's spot price increased 77%, but then plummeted 31% over the following five months. Additionally, the silver market jumped up to \$9.40/oz. from \$8.90/oz. (a 5% increase) on the news the Securities and Exchange Commission (SEC) would review the proposed rule change (publication in the Federal Register on January 23, 2006).

Consequently, I respectfully request your careful consideration of the proposed rule to create a silver ETF. I appreciate the leadership you have brought to the SEC, and I look forward to your response.

Sincerely,



J. Gresham Barrett
Member of Congress

Exhibit H

(Attached)

SILVER USERS ASSOCIATION

February 13, 2006

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
Station Place, 100 F Street, N.E.
Washington, DC 20549-9303

Re: File Number SR-Amex-2005-072

Dear Ms. Morris:

I am writing on behalf of the Silver Users Association (SUA) and all of its manufacturing members in opposition to the proposed rule change referenced above that would create an exchange-traded fund (ETF) in silver.

The Silver Users Association is a non-profit organization that was established in 1947 to represent the interests of companies that make, sell and distribute products and services in which silver is an essential component.

The Association's members employ more than 200,000 workers and process 80% of all silver used in the United States. Members include representatives from photographic, electronic, silverware, mirror and jewelry industries, producers of semi-fabricated and industrial products, and trading and service organizations responding to member needs.

Silver Market Background

Between 1966 and 1970, U.S. Treasury sales of silver were a major secondary source of supply. Because silver had been a U.S. monetary standard along with gold, the U.S. government held the world's largest source of secondary supply in an effort to meet a growing production/consumption deficit. In 1965, it appeared that in less than two years the Treasury would effectively lose control of the price of silver. If silver had been allowed to rise above \$1.40 per ounce, the silver content of U.S. coins would have been worth more than their face value, causing them to disappear from circulation. Under the Coinage Act of 1965, Congress eliminated the use of silver in coins and authorized the mining of cupro-nickel substitutes and the sale of silver to the public. The right of holders of U.S. silver certificates to redeem them for silver was suspended in 1968. The following year, a federal ban on the melting of U.S. coins was lifted, freeing anywhere from 400 to 700 million ounces for secondary recovery.

In late 1970, the General Services Administration was authorized by Congress to release the national strategic stockpile of silver to the Treasury Department, primarily for coinage of new commemorative silver dollars (40 percent silver content). The same act provided for the auction of approximately 3 million old uncirculated silver dollars (90 percent silver). In 1973, the Cost of Living council freed commercial-grade silver from price ceilings imposed the year before to allow domestic silver to advance to current international price levels.

Silver has reacted erratically to world political and economic news in recent years. The New York spot settlement price for silver has ranged from a low of \$3.92 in 1975 to a high of \$48.70 in 1980.

In the early 80's, the U.S. government's strategic stockpile of silver was locked in by law at 139.5 Moz. Congress has since authorized legislation to dispose of these stockpiles. In late 2000 the U.S. Defense National Stockpile Center delivered its remaining stockpile of nearly 15 Moz to the U.S. Mint for coinage programs. Since 2001, the U.S. has had to purchase silver for its coinage programs from the open market. This has boosted silver consumption by 1% annually.

Impacts of a Silver ETF

It is SUA's position that such an investment product could make silver illiquid and could thereby have a negative impact on our U.S. manufacturing operations and U.S. manufacturing jobs.

The creation of a silver ETF would require the holding of silver in allocated accounts, which would result in the removal of large amounts of silver from the open markets. Probable increases in the price of silver, resulting from the forced decrease in supply, would result in higher prices for products containing silver. Such price pressure threatens to erode our products' competitiveness, overall price points, and the manufacturing jobs that rely on the stability of silver products. If the silver ETF is approved, it will mean higher product costs and lost jobs in our industry.

While ETF's have been approved for gold, silver is a different market in that the supply is much more limited. Since it is a relatively small market it is subject to more speculative behavior and volatility. An historical review of silver prices reflects this volatile propensity. In such a small market, a silver ETF could strain market liquidity and introduce a new element of volatility. This could have dire consequences for manufacturers whom silver is such a critical component.

It is unfair to compare the proposed silver ETF and the current gold ETF. The reason is simple. Gold is a liquid commodity where silver is not. If you use the estimates of available silver published in the 2005 CPM Group's Silver Survey, you will see that the above ground levels of silver in 2004 were roughly 750 million ounces. This is compared to roughly 3 billion ounces of gold. There clearly is a difference and a gold ETF may

make sense because of the liquidity of the commodity. The same cannot be said for silver.

The approval of a silver ETF at this time is risky because of the impact it will have on those who rely on this commodity for the products they produce. Requiring the holding of large quantities of silver, which this proposed ETF does, will have a negative impact on those manufacturers and the people they employ. Approving a silver ETF at this time not only impacts the employees of these company's, but also impacts the manufactures ability to obtain the physical silver necessary to maintain compliance with today's production standards.

Fortunately we do not have to look back very far to see the impact a significant amount of allocated silver would have on the market. It was 1998 when Warren Buffet purchased over 100 million ounces of physical silver and the spot price rallied over \$3 dollars and the one month cost of borrowing silver soared over 30%.

Commodity markets such as Palladium have proven that consumers will search for alternative sources to substitute their need for metal if the market becomes too pricey or illiquid. As it is, silver can be an illiquid market because there are few central banks which own silver. Silver is inexpensive in terms of commodities, and its volatility is typically 2-3 times that of gold.

These are both reasons investors are drawn to the market. A silver ETF would only exaggerate silver's illiquidity given the sheer volume of physical silver needed to be shipped and stored. While a silver ETF might initially provide price benefits for producers, we believe it would disrupt the market in the short term and may harm the market in the long term.

SUA is concerned that the proposed silver ETF could be a legal way for investors to squeeze the silver market.

As we see it, a silver ETF poses a lot of risks and uncertainties, which are not good for silver users, the people they employ, the products they make, the consumer or investor. It is going to be all of these sectors that will be left holding the bag when the ETF doesn't live up to the initial speculation. Approving a silver ETF will mean that company's relying on silver in the production of products will pay higher rates for silver; consumers will in turn pay higher prices for goods; and our employees may find themselves out of work due to our inability to keep production of certain products going due to the skyrocketing costs and lack of silver in the market for these products.

Approving the proposed silver ETF has impacts beyond this industry. Approving a silver ETF could set the stage for proposed ETF's for platinum and palladium. These commodities are in thinner supply and vitally necessary in the refining of oil into gasoline, the automotive industry, and many other industrial applications. Approving ETF's for these commodities would have the same type of impact as the proposed silver ETF. This is something to think about in your review of the current application.

Conclusion

The Silver Users Association opposes the creation of a silver ETF because of the concerns that doing so will require the holding of physical silver in allocated accounts, thus removing large amounts of silver from the market. By doing so, the ETF most likely would cause a shortage of silver in the marketplace. This removal of large quantities of physical silver could have a negative impact on silver-industry specific employment as well as the overall economy, both through job losses and inflation.

The Silver Users Associations supports the buying and selling of silver as an investment. There are already several ways to do so without creating a potentially harmful situation to industry. We don't endorse a silver ETF because of the potential liquidity problems it would create. The SUA urges the SEC to take these issues into consideration before it decides whether or not to issue a silver ETF.

Sincerely,

Paul A. Miller
Executive Director

Exhibit I

