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The Honorable Christopher Cox
Chairman
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Congress of the United States

House of Representatives

Washington, DC 20515-4000

February 16, 2006

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SECURITIES AND EXCHANGE COMMISSION

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DIVISION OF MARKET REGULATION

Amex 2005-072

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