



U.S. COMMODITY FUTURES TRADING COMMISSION

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Mr. Derek Boyd Hankerson
Constituent Service Representative
Office of Congressman Mast
601 Heritage Drive
Suite 144
Jupiter, FL 33458

Dear Mr. Hankerson:

Thank you for your recent inquiry on behalf of Mr. Butler regarding the silver futures markets and stocks of silver in metals depositories and warehouses. The Commodity Futures Trading Commission (“CFTC”) monitors derivatives markets to ensure that markets function in accordance with the Commodity Exchange Act (“CEA”), and that they are free of fraud, manipulation, and customer abuse. Amongst other entities, CFTC regulates Designated Contract Markets (“DCMs” or “exchanges”) and the trading of derivatives on those exchanges, but does not regulate metals depositories or warehouses directly.

Typically, depositories and warehouses used for futures delivery are independent organizations not affiliated with an exchange. These depositories also store metal for cash market traders, independent of the futures markets. Depository metals include “eligible” metal, which meets futures contract specifications, and “registered” metal, which can be used for delivery on a futures contract. The decision to classify metal stocks as eligible for delivery is made by the depository operator in accordance with exchange standards, not by the exchange itself. CFTC regulations do not require exchanges to submit regular reports to CFTC on depository holdings of eligible or registered metal, although exchanges may voluntarily provide data to the public. The CEA and CFTC regulations also do not require the exchange to maintain records of holders of eligible metal. Pursuant to its mission and authority, CFTC publishes a weekly Commitments of Traders Report (“COT”), showing, subject to certain criteria, the number of contracts held by various categories of traders. This report does not include information on individual traders or subsets of traders by size, and Section 8 of the CEA prohibits CFTC from sharing such individualized data publicly.

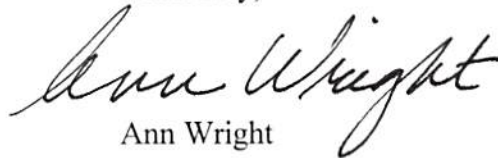
The CFTC's Division of Enforcement (DOE) investigates and prosecutes alleged violations of the Commodity Exchange Act and the Commission's regulations. Potential violations include fraud, manipulation and other abuses that threaten market integrity, market participants and the public. Where appropriate, DOE may pursue, with the approval of a majority of the Commission, enforcement actions against individuals and companies whose conduct violates the CEA or CFTC regulations. Any inquiry undertaken by the DOE is confidential and is not disclosed except in connection with a public proceeding brought either before the Commission or in federal court, should the Commission determine enforcement action is required.

Additional information about how the Commission assists members of the public in protecting themselves against fraud can be found on its Customer Protection page at this link:

<http://www.cftc.gov/cftc/cftccustomer.htm>

The CFTC appreciates your inquiry on behalf of a constituent. Rest assured that we take fraud and manipulation concerns seriously and remain vigilant for violations of the CEA and Commission regulations in metals markets.

Sincerely,

A handwritten signature in black ink that reads "Ann Wright". The signature is written in a cursive, flowing style with a large initial "A".

Ann Wright