

iShares Silver Trust
Form 10-Q
November 07, 2008
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

- x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2008.**

- .. **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.**

Commission file number: 001-32863

iShares[®] Silver Trust

(Exact name of registrant as specified in its charter)

Edgar Filing: iShares Silver Trust - Form 10-Q

New York
(State or other jurisdiction of

13-7474456
(I.R.S. Employer

incorporation or organization)

Identification No.)

c/o Barclays Global Investors International, Inc.

400 Howard Street

San Francisco, California 94105

Attn: BGI s Product Management Team

Intermediary Investor and Exchange-Traded Products Department

(Address of principal executive offices)

(415) 597-2000

(Registrant s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Table of Contents

	Page
<u>PART I FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	1
<u>Balance Sheets at September 30, 2008 (Unaudited) and December 31, 2007</u>	1
<u>Income Statements (Unaudited) for the three months ended September 30, 2008 and 2007 and the nine months ended September 30, 2008 and 2007</u>	2
<u>Statements of Changes in Shareholders' Equity (Deficit) for the nine months ended September 30, 2008 (Unaudited) and the year ended December 31, 2007</u>	3
<u>Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2008 and 2007</u>	4
<u>Notes to the Financial Statements (Unaudited)</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	9
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	11
Item 4. <u>Controls and Procedures</u>	11
Item 4T. <u>Controls and Procedures</u>	12
<u>PART II OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	12
Item 1A. <u>Risk Factors</u>	12
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	12
Item 3. <u>Defaults Upon Senior Securities</u>	12
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	12
Item 5. <u>Other Information</u>	12
Item 6. <u>Exhibits</u>	13
<u>SIGNATURES</u>	14

Table of Contents**Part I Financial Information****Item 1. Financial Statements****iShares Silver Trust****Balance Sheets**

At September 30, 2008 (Unaudited) and

December 31, 2007

(Dollar amounts in \$000 s)	September 30, 2008	December 31, 2007
ASSETS		
Current Assets		
Silver bullion inventory (fair value of \$2,875,636 and \$2,225,826, respectively)	\$ 2,999,015	\$ 1,763,560
Market value reserve (Note 1A)	(123,379)	
Payable for capital shares redeemed	(21,367)	(217,629)
Receivable for capital shares sold		292,566
TOTAL ASSETS	\$ 2,854,269	\$ 1,838,497
LIABILITIES, REDEEMABLE CAPITAL SHARES & SHAREHOLDERS EQUITY (DEFICIT)		
Current Liabilities		
Sponsor's fees payable	\$ 1,083	\$ 894
Total Liabilities	1,083	894
Commitments and contingent liabilities (Note 1F)		
Redeemable capital shares, no par value, unlimited amount authorized (at redemption value) 222,900,000 issued and outstanding at September 30, 2008 and 152,000,000 issued and outstanding at December 31, 2007 (Note 1B)	2,854,065	2,224,932
Shareholder's equity (deficit)	(879)	(387,329)
TOTAL LIABILITIES, REDEEMABLE CAPITAL SHARES & SHAREHOLDERS EQUITY (DEFICIT)	\$ 2,854,269	\$ 1,838,497

See notes to the financial statements.

Table of Contents**iShares Silver Trust****Income Statements (Unaudited)**

For the three months ended September 30, 2008 and 2007 and
the nine months ended September 30, 2008 and 2007

(Dollar amounts in 000 s except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Revenues				
Proceeds from sales of silver to pay expenses	\$ 4,114	\$ 2,248	\$ 11,379	\$ 6,436
Cost of silver sold to pay expenses	(3,464)	(2,097)	(9,002)	(5,697)
Gain on sales of silver to pay expenses	650	151	2,377	739
Gain on silver distributed for the redemption of shares	2,748	453	21,592	16,088
Total gain on sales and distributions of silver	3,398	604	23,969	16,827
Expenses				
Sponsor's fees	(3,851)	(2,238)	(11,568)	(6,526)
Market value reserve (Note 1A)	(123,379)		(123,379)	
Total expenses	(127,230)	(2,238)	(134,947)	(6,526)
NET INCOME (LOSS)	\$ (123,832)	\$ (1,634)	\$ (110,978)	\$ 10,301
Net income (loss) per share (Note 1B)	\$ (0.60)	\$ (0.01)	\$ (0.59)	\$ 0.08
Weighted-average shares outstanding (Note 1B)	206,354,348	141,347,826	188,912,774	134,256,410

See notes to the financial statements.

Table of Contents

iShares Silver Trust

Statements of Changes in Shareholders' Equity (Deficit)

For the nine months ended September 30, 2008 (Unaudited) and for the
year ended December 31, 2007

	Nine months Ended September 30, 2008	Year Ended December 31, 2007
(Dollar amounts in 000 \$)		
Shareholders' equity (deficit) - beginning of period	\$ (387,329)	\$ (200,946)
Net income (loss)	(110,978)	53,914
Adjustment of redeemable capital shares to redemption value	497,428	(240,297)
Shareholders' equity (deficit) - ending of period	\$ (879)	\$ (387,329)

See notes to the financial statements.

Table of Contents**iShares Silver Trust****Statements of Cash Flows (Unaudited)**

For the nine months ended September 30, 2008

and 2007

(Dollar amounts in 000 s)	Nine months Ended September 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sales of silver	\$ 11,379	\$ 6,436
Expenses Sponsor's fee paid	(11,379)	(6,436)
Net cash provided by operating activities		
Increase (decrease) in cash		
Cash, beginning of the period		
Cash, end of the period	\$	\$
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income (loss)	\$ (110,978)	\$ 10,301
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
(Gain) on silver distributed for the redemption of shares	(21,592)	(16,088)
Cost of silver sold to pay expenses	9,002	5,697
Increase in Sponsor's fees payable	189	90
Market value reserve	123,379	
Net cash provided by operating activities	\$	\$
Supplemental disclosure of non-cash information:		
Carrying value of silver received for creation of shares	\$ 1,341,945	\$ 490,393
Carrying value of silver distributed for redemption of shares at average cost	\$ (193,792)	\$ (160,007)
<i>See notes to the financial statements.</i>		

Table of Contents

NOTES TO THE FINANCIAL STATEMENTS

As of September 30, 2008 (Unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The iShares Silver Trust (the Trust) was organized on April 21, 2006 as a New York Trust. The trustee is The Bank of New York (the Trustee) and is responsible for the day to day administration of the Trust. The Trust's sponsor is Barclays Global Investors International, Inc. (the Sponsor), a Delaware corporation and a subsidiary of Barclays Bank PLC. The Trust is governed by the Depositary Trust Agreement (the Trust Agreement) executed at the time of organization of the Trust by the Trustee and the Sponsor.

The objective of the Trust is for the value of its shares to reflect, at any given time, the price of silver owned by the Trust at that time, less the Trust's expenses and liabilities. The Trust is designed to provide a vehicle for investors to own interests in silver.

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying unaudited financial statements were prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions for Form 10-Q and the rules and regulations of the U.S. Securities and Exchange Commission (the SEC). In the opinion of management, all material adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement of the interim period financial statements have been made. Interim period results are not necessarily indicative of results for a full-year period. These financial statements and the notes thereto should be read in conjunction with the Trust's financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2007 as filed with the SEC on February 27, 2008.

A. Silver Bullion

JPMorgan Chase Bank N.A., acting through its London Branch (the Custodian), is responsible for safekeeping the silver owned by the Trust.

For financial statement purposes, the silver held by the Trust is valued at the lower of cost or market, using the average cost method. Should the market value of the silver held be lower than its average cost during the interim periods of the same fiscal year, an adjustment of value below cost (market value reserve) is recorded by the Trust. Gain or loss on sales of silver is calculated on a trade date basis. Fair value of the silver is based on the price for an ounce of silver set each working day by three market making members of The London Bullion Market Association (The London Fix).

Table of Contents

The following table summarizes activity in silver during the three months ended September 30, 2008 (all balances in 000 s):

	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	192,981.8	\$ 2,593,030	\$ 3,406,129	
Silver contributed	37,067.1	517,225	517,225	
Silver distributed	(9,489.0)	(129,143)	(131,891)	\$ 2,748
Silver sold	(255.3)	(3,464)	(4,114)	650
Adjustment for realized gain			3,398	
Adjustment for unrealized loss on silver bullion			(915,111)	
Market value reserve		(123,379)		
Ending balance	220,304.6	\$ 2,854,269	\$ 2,875,636	\$ 3,398

The following table summarizes activity in silver for the nine months ended September 30, 2008 (all balances in 000 s):

	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	150,801.2	\$ 1,838,497	\$ 2,225,826	
Silver contributed	84,625.5	1,341,945	1,341,945	
Silver distributed	(14,439.7)	(193,792)	(215,384)	21,592
Silver sold	(682.4)	(9,002)	(11,379)	2,377
Adjustment for realized gain			23,969	
Adjustment for unrealized loss on silver bullion			(489,341)	
Market value reserve		(123,379)		
Ending balance	220,304.6	\$ 2,854,269	\$ 2,875,636	\$ 23,969

B. Redeemable Capital Shares

Shares of the Trust are classified as redeemable for balance sheet purposes, since they are subject to redemption. Trust shares are issued and redeemed continuously in aggregations of 50,000 shares in exchange for silver rather than cash. Individual investors cannot purchase or redeem shares in direct transactions with the Trust. The Trust only transacts with registered broker-dealers eligible to settle securities transactions through the book-entry facilities of the Depository Trust Company and which have entered into a contractual arrangement with the Trust and the Sponsor governing, among other matters, the creation and redemption processes (such broker-dealers are the Authorized Participants). Holders of shares of the Trust may redeem their shares at any time acting through an Authorized Participant and in the prescribed aggregations of 50,000 shares; *provided*, that redemptions of shares may be suspended during any period while regular trading on the AMEX is suspended or restricted, or in which an emergency exists as a result of which delivery, disposal or evaluation of silver is not reasonably practicable.

The per-share amount of silver exchanged for a purchase or redemption is calculated daily by the Trustee, using The London Fix to calculate the silver amount in respect of any liabilities for which covering silver sales have not yet been made, and represents the per-share amount of silver held by the Trust, after giving effect to its liabilities, sales to cover expenses and liabilities and any losses that may have occurred.

When silver is exchanged in settlement of a redemption, it is considered a sale of silver for financial statement purposes.

Table of Contents

Due to the expected continuing sales and redemption of capital stock and the three-day period for share settlement the Trust reflects capital shares sold as a receivable, rather than as contra equity. Shares redeemed are reflected as a contra asset on the trade date. Outstanding Trust shares are reflected at redemption value, which is the net asset value per share at the period ended date. Adjustments to redemption value are reflected in shareholder's equity.

Net asset value is computed by deducting all accrued fees, expenses and other liabilities of the Trust, including the Sponsor's fees, from the fair value of the silver held by the Trust.

On July 11, 2008, the Board of Directors of the Sponsor authorized a ten-for-one split of the shares of the Trust for shareholders of record as of the close of business on July 21, 2008, payable after the close of trading on July 23, 2008. All share and per share amounts are restated to reflect the ten-for-one share split.

Activity in redeemable capital shares is as follows (all balances in 000's):

	Three months ended September 30, 2008		Nine months ended September 30, 2008	
	Shares	Amount	Shares	Amount
Beginning balance	195,000	\$ 3,404,783	152,000	\$ 2,224,932
Shares issued	37,500	517,225	85,500	1,341,945
Shares redeemed	(9,600)	(131,891)	(14,600)	(215,384)
Redemption value adjustment		(936,052)		(497,428)
Ending balance	222,900	\$ 2,854,065	222,900	\$ 2,854,065

C. Federal Income Taxes

The Trust is treated as a grantor trust for federal income tax purposes and, therefore, no provision for federal income taxes is required. Any interest and gains and losses are deemed passed through to the holders of shares of the Trust.

D. Expenses

The Trust pays to the Sponsor a Sponsor's fee that accrues daily at an annualized rate equal to 0.50% of the adjusted daily net asset value of the Trust, paid monthly in arrears. The Sponsor has agreed to assume the following administrative and marketing expenses incurred by the Trust: the Trustee's monthly fee, the custodian's fee, AMEX listing fees, SEC registration fees, printing and mailing costs, audit fees and expenses, and up to \$100,000 per annum in legal fees and expenses.

E. Related Parties

The Sponsor and the Trustee are considered to be related parties to the Trust. The Trustee's fee is paid by the Sponsor and is not a separate expense of the Trust.

F. Indemnifications

Under the Trust's organizational documents, the Sponsor is indemnified against liabilities or expenses it incurs without negligence, bad faith or willful misconduct on its part. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust that have not yet occurred.

Table of Contents

2. CONCENTRATION RISK

Substantially all of the Trust's assets are holdings of silver, which creates a concentration risk associated with fluctuations in the price of silver. Accordingly, a decline in the price of silver will have an adverse effect on the value of the shares of the Trust. Factors that may have the effect of causing a decline in the price of silver include a change in economic conditions (such as a recession), an increase in the hedging activities of silver producers, and changes in the attitude towards silver of speculators, investors and other market participants.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This information should be read in conjunction with the financial statements and notes to the financial statements included in Item 1 of Part I of this Form 10-Q. The discussion and analysis that follows may contain statements that relate to future events or future performance. In some cases, such forward-looking statements can be identified by terminology such as may, should, expect, plan, anticipate, believe, estimate, predict, potential or the negative of these terms or other comparable terminology. Neither the sponsor, nor any other person assumes responsibility for the accuracy or completeness of forward-looking statements. Neither the trust nor the sponsor is under a duty to update any of the forward-looking statements to conform such statements to actual results or to a change in the sponsor's expectations or predictions.

Introduction

The iShares Silver Trust (the "Trust") is a grantor trust formed under the laws of the State of New York. The Trust does not have any officers, directors, or employees, and is administered by The Bank of New York (the "Trustee") acting as trustee pursuant to a Depositary Trust Agreement between the Trustee and Barclays Global Investors International, Inc., the sponsor of the Trust (the "Sponsor"). The Trust issues shares representing fractional undivided beneficial interests in its net assets. The assets of the Trust consist primarily of silver held by a custodian as an agent of the Trust and responsible only to the Trustee.

The Trust is a passive investment vehicle, and the objective of the Trust is merely for the value of each share approximately to reflect, at any given time, the price of silver owned by the Trust less the Trust's liabilities (anticipated to be principally for accrued operating expenses) divided by the number of outstanding shares. The Trust does not engage in any activities designed to obtain a profit from, or ameliorate losses caused by, changes in the price of silver.

The Trust issues and redeems shares only in exchange for silver, only in aggregations of 50,000 shares or integral multiples thereof, and only in transactions with registered broker-dealers that have previously entered into an agreement with the Trust governing the terms and conditions of such issuance (such dealers, the "Authorized Participants"). A list of current Authorized Participants is available from the Sponsor or the Trustee.

On July 11, 2008, the Board of Directors of the Sponsor authorized a ten-for-one split of the shares of the Trust for shareholders of record as of the close of business on July 21, 2008, payable after the close of trading on July 23, 2008. All share and per share amounts are restated to reflect the ten-for-one share split.

Shares of the Trust trade on the AMEX under the symbol SLV.

Valuation of Silver; Computation of Net Asset Value.

On each business day, as soon as practicable after 4:00 p.m. (New York time), the Trustee evaluates the silver held by the Trust and determines the net asset value of the Trust and the net asset value per share. The Trustee values the silver held by the Trust using the announced price for an ounce of silver set each working day by three market making members of The London Bullion Market Association ("The London Fix"). Having valued the silver held by the Trust, the Trustee then subtracts all accrued fees (other than the fees to be computed by reference to the value of the Trust or its assets), expenses and other liabilities of the Trust from the value of the silver and other assets of the Trust. The result is the adjusted net asset value of the Trust, which is used to compute all fees (including the Sponsor's fee), which are calculated from the value of the Trust's assets. To determine the net asset value of the Trust, the Trustee subtracts from the adjusted net asset value of the Trust the amount of accrued fees computed from the value of the Trust's assets. The Trustee also computes the net asset value per share, by dividing the net asset value of the Trust by the number of shares outstanding on the date the computation is made.

Table of Contents

Liquidity

The Trust is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs. In exchange for a fee (the Sponsor's fee) the Sponsor has agreed to assume most of the expenses incurred by the Trust. As a result, the only ordinary expense of the Trust during the period covered by this report was the Sponsor's fee. The Trust's only source of liquidity is its sales of silver.

Critical Accounting Estimates

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements relies on estimates and assumptions that impact the Trust's financial position and results of operations. These estimates and assumptions affect the Trust's application of accounting policies. Below we describe the valuation of silver, a critical accounting policy that we believe is important to understanding our results of operations and financial position. In addition, please refer to Note 1 of the Notes to the Financial Statements for further discussion of our accounting policies.

Valuation of Silver

Silver held by the Trust is recorded at the lower of cost or market. For purposes of this calculation, market values are based on The London Fix. Should the market value of the silver held be lower than its average cost, impairment to the carrying value of the silver will be recorded and The London Fix will be used as the value for financial statement purposes. As indicated above, The London Fix is also used to value silver held for purposes of calculating the net asset value of the Trust, which in turn is used for the calculation of the redemption value of outstanding Trust shares.

There are other indicators of the value of silver that are available that could be different than that chosen by the Trust. The London Fix is used since it is commonly used by the U.S. silver market as an indicator of the value of silver, and is required by the Depositary Trust Agreement. The use of an indicator of value of silver other than The London Fix could result in materially different fair value pricing of the silver in the Trust, and as such, could result in different lower of cost or market adjustments or in different redemption value adjustments of the outstanding redeemable capital shares.

The Quarter Ended September 30, 2008

The Trust's net assets fell from \$3,404,782,524 at June 30, 2008 to \$2,854,064,997 at September 30, 2008, a 16.17% decrease. The decrease in the Trust's net assets resulted primarily from a decrease in the London Fix price, which declined 26.57% from \$17.65 at June 30, 2008 to \$12.96 at September 30, 2008. The decrease in the Trust's net assets was partially offset by an increase in outstanding shares, which rose from 195,000,000 shares at June 30, 2008 to 222,900,000 shares at September 30, 2008, a consequence of 37,500,000 shares (750 Baskets) being created and 9,600,000 (192 Baskets) shares being redeemed during the quarter.

The 26.57% decline in the London Fix price also directly related to the 26.69% decrease in the Trust's net asset value per share from \$17.46 at June 30, 2008 to \$12.80 at September 30, 2008.

The Trust's net asset value per share declined slightly more than the price of silver on a percentage basis due to the Sponsor's fees, which were \$3,850,844 for the quarter, or 0.13% of the Trust's average weighted assets of \$3,050,132,696 during the quarter. The net asset value per share of \$19.09 on July 15, 2008 was the highest during the quarter, compared with a low during the quarter of \$10.53 on September 11, 2008. The net asset value of the Trust is obtained by subtracting the Trust's expenses and liabilities on any day from the value of the silver owned by the Trust on that day; the net asset value per share is obtained by dividing the net asset value of the Trust on a given day by the number of shares outstanding on that date.

Table of Contents

Net loss for the three months ended September 30, 2008 was \$123,831,634, resulting from a net gain of \$649,799 on the sale of silver to pay expenses and a net gain of \$2,748,096 on silver distributed for the redemption of shares, offset by the Sponsor's fees of \$3,850,844 and the market value reserve of \$123,378,685. Other than the Sponsor's fees and market value reserve, the Trust had no expenses during the quarter.

The Nine Months Ended September 30, 2008

The Trust's net assets grew from \$2,224,931,876 at December 31, 2007 to \$2,854,064,997 at September 30, 2008, a 28.28% increase. The increase in the Trust's net assets resulted primarily from an increase in outstanding shares, which rose from 152,000,000 shares at December 31, 2007 to 222,900,000 shares at September 30, 2008 as a consequence of 85,500,000 shares (1,710 Baskets) being created and 14,600,000 shares (292 Baskets) being redeemed during the period.

The negative change in the London Fix price, which fell 12.20% from \$14.76 at December 31, 2007 to \$12.96 at September 30, 2008, directly related to the 12.57% decrease in the Trust's net asset value per share from \$14.64 at December 31, 2007 to \$12.80 at September 30, 2008.

The Trust's net asset value per share declined slightly more than the price of silver on a percentage basis due to the Sponsor's fees, which were \$11,567,663 for the period, or 0.38% of the Trust's average weighted assets of \$3,083,234,338 during the period. The net asset value per share of \$20.73 on March 17, 2008 was the highest during the period, compared with a low during the period of \$10.53 on September 11, 2008. The net asset value of the Trust is obtained by subtracting the Trust's expenses and liabilities on any day from the value of the silver owned by the Trust on that day; the net asset value per share is obtained by dividing the net asset value of the Trust on a given day by the number of shares outstanding on that date.

Net loss for the nine months ended September 30, 2008 was \$110,977,881, resulting from a net gain of \$2,376,723 on the sale of silver to pay expenses and a net gain of \$21,591,744 on silver distributed for the redemption of shares, offset by the Sponsor's fees of \$11,567,663 and the market value reserve of \$123,378,685. Other than the Sponsor's fees and market value reserve, the Trust had no expenses during the period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

The duly authorized officers of the Sponsor performing functions equivalent to those a principal executive officer and principal financial officer of the Trust would perform if the Trust had any officers, and with the participation of the Trustee, have evaluated the effectiveness of the Trust's disclosure controls and procedures, and have concluded that the disclosure controls and procedures of the Trust have been effective as of the end of the period covered by this quarterly report.

There were no changes in the Trust's internal control over financial reporting that occurred during the Trust's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Table of Contents

Item 4T. Controls and Procedures

Not applicable

Part II Other Information

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

No material changes to Risk Factors since last reported under Part I, Item A in our Annual Report on Form 10-K for the year ended December 31, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

a) None.

b) Not applicable.

c) For the quarter ended September 30, 2008, after retroactive restatement for the ten-for-one share split authorized by the Board of Directors of the Sponsor on July 11, 2008 to shareholders of record on July 21, 2008, 750 Baskets (37,500,000 shares) have been created, and 192 Baskets (9,600,000 shares) have been redeemed as follows:

Period	Total Number of Shares Redeemed	Average Ounces of Silver Per Share
07/01/08 to 07/31/08		
08/01/08 to 08/31/08	5,000,000	0.9887
09/01/08 to 09/30/08	4,600,000	0.9881

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

Exhibit No.	Description	
4.1	Depository Trust Agreement	Incorporated by reference to Exhibit 4.1 filed with Registration Statement No. 333-125920 on April 24, 2006
4.2	Form of Authorized Participant Agreement	Incorporated by reference to Exhibit 4.2 filed with Registration Statement No. 333-125920 on April 24, 2006
10.1	Form of Custodian Agreement	Incorporated by reference to Exhibit 10.1 filed with Registration Statement No. 333-125920 on April 24, 2006
10.2	Form of Sub-license Agreement	Incorporated by reference to Exhibit 10.2 filed with Registration Statement No. 333-125920 on April 24, 2006
31.1	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1	Certification by Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
32.2	Certification by Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities* indicated thereunto duly authorized.

Barclays Global Investors International, Inc.
Sponsor of the iShares Silver Trust
(Registrant)

/s/ Lee T. Kranefuss
Lee T. Kranefuss
Chief Executive Officer
(Principal executive officer)
Date: November 7, 2008

/s/ Michael A. Latham
Michael A. Latham
Chief Financial Officer
(Principal financial officer)
Date: November 7, 2008

* The Registrant is a trust and the persons are signing in their capacities as officers of Barclays Global Investors International, Inc., the Sponsor of the Registrant.