iShares Silver Trust
Form 10-K
February 29, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2011

¨ **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)

New York	13-7474456
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

c/o BlackRock Asset Management International Inc.

400 Howard Street

San Francisco, California 94105

Attn: Product Management Team

iShares Product Research & Development

(Address of principal executive offices)

(415) 670-2000

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Shares	NYSE Arca, Inc.
(Title of class)	(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 x No ¨

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨
(Do not check if a smaller reporting company)	

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

As of June 30, 2011, the aggregate market value of the shares held by non-affiliates was approximately $10,639,296,000.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

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PART I

Item 1. Business.

The purpose of the iShares® Silver Trust (the Trust) is to own silver transferred to the Trust in exchange for shares issued by the Trust (Shares). Each Share represents a fractional undivided beneficial interest in the net assets of the Trust. The assets of the Trust consist primarily of silver held by the Trust s custodian on behalf of the Trust. However, there may be situations where the Trust will unexpectedly hold cash. For example, a claim may arise against a third party, which is settled in cash. In situations where the Trust unexpectedly receives cash or other assets, no new Shares will be issued until after the record date for the distribution of such cash or other property has passed.

The Trust was formed on April 21, 2006 when an initial deposit of silver was made in exchange for the issuance of three Baskets of Shares (a Basket consists of 50,000 Shares). The Trust is a grantor trust formed under the laws of the State of New York.

The sponsor of the Trust is BlackRock Asset Management International Inc. (the Sponsor). The trustee of the Trust is The Bank of New York Mellon (the Trustee) and the custodian of the Trust is JPMorgan Chase Bank N.A., London branch (the Custodian). The agreement between the Trust and the Custodian is governed by English law. The Trust does not have any officers, directors or employees.

The Trust s net asset value fell from $10,750,993,519 at December 31, 2010 to $8,698,880,266 at December 31, 2011, the Trust s fiscal year end. Outstanding Shares of the Trust fell from 359,200,000 Shares outstanding at December 31, 2010 to 317,500,000 Shares outstanding at December 31, 2011.

The activities of the Trust are limited to (1) issuing Baskets of Shares in exchange for the silver deposited with the Custodian as consideration, (2) selling silver as necessary to cover the Sponsor s fee, Trust expenses not assumed by the Sponsor and other liabilities and (3) delivering silver in exchange for Baskets of Shares surrendered for redemption. The Trust is not actively managed. It does not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the price of silver.

The Sponsor of the registrant maintains an Internet website at www.ishares.com, through which the registrant s annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are made available free of charge after they have been filed or furnished to the Securities and Exchange Commission (the SEC). Additional information regarding the Trust may also be found on the SEC s EDGAR database at www.sec.gov.

Trust Objective

The objective of the Trust is for the value of the 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 Shares are intended to constitute a simple and cost-effective means of making an investment similar to an investment in silver. An investment in physical silver requires expensive and sometimes complicated arrangements in connection with the assay, transportation, warehousing and insurance of the metal. Traditionally, such expense and complications have resulted in investments in physical silver being efficient only in amounts beyond the reach of many investors. The Shares have been designed to remove the obstacles represented by the expense and complications involved in an investment in physical silver, while at the same time having an intrinsic value that reflects, at any given time, the price of the silver owned by the Trust at such time less the Trust expenses and liabilities. Although the Shares are not the exact equivalent of an investment in silver, they provide investors with an alternative that allows a level of participation in the silver market through the securities market.

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An investment in Shares is:

Backed by silver held by the Custodian on behalf of the Trust.

The Shares are backed by the assets of the Trust. The Trustee s arrangements with the Custodian contemplate that at the end of each business day there can be in the Trust account maintained by the Custodian no more than 1,100 ounces of silver in an unallocated form. Accordingly, the bulk of the Trust s silver holdings is represented by physical silver, identified on the Custodian s books in allocated and unallocated accounts on behalf of the Trust and held by the Custodian in England, New York and other locations that may be authorized in the future.

As accessible and easy to handle as any other investment in shares.

Retail investors may purchase and sell Shares through traditional brokerage accounts. Because the intrinsic value of each Share is a function of the price of silver held by the Trust, the cash outlay necessary for an investment in Shares should be less than the amount required for currently existing means of investing in physical silver. Shares are eligible for margin accounts.

Listed.

The Shares are listed and traded on NYSE Arca, Inc. (NYSE Arca) under the symbol SLV.

Relatively cost efficient.

Because the expenses involved in an investment in physical silver are dispersed among all holders of Shares, an investment in Shares may represent a cost-efficient alternative to investments in silver for investors not otherwise in a position to participate directly in the market for physical silver.

Secondary Market Trading

While the objective of the Trust is for the value of the 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, Shares may trade at, above or below their net asset value per Share, or NAV. The NAV of Shares will fluctuate with changes in the market value of the Trust s assets. The trading prices of Shares will fluctuate in accordance with changes in their NAV as well as market supply and demand. The amount of the discount or premium in the trading price relative to the NAV may be influenced by non-concurrent trading hours between the major silver markets and NYSE Arca. While the Shares trade on NYSE Arca until 4:00 p.m. (New York time), liquidity in the market for silver may be reduced after the close of the major world silver markets, including London, Zurich and the Commodity Exchange, Inc. (COMEX) in Chicago. As a result, during this time, trading spreads, and the resulting premium or discount, on Shares may widen. However, given that Baskets of Shares can be created and redeemed in exchange for the underlying amount of silver, the Sponsor believes that the arbitrage opportunities may provide a mechanism to mitigate the effect of such premium or discount.

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. For purposes of making these calculations, a business day means any day other than a day when NYSE Arca is closed for regular trading.

The Trustee values the Trust s silver based upon the announced price of an ounce of silver set by three market making members of the London Bullion Market Association (LBMA) at approximately 12:00 noon (London time) on each working day (London Fix). If there is no announced London Fix on a business day, the Trustee is authorized to use the most recently announced London Fix unless the Trustee, in consultation with the Sponsor, determines that such price is inappropriate as a basis for evaluation.

The LBMA fixings are an open process at which market participants can transact business on the basis of a single quoted price. Three market making members of the LBMA conduct the silver fixing meeting under the chairmanship of The Bank of Nova Scotia-ScotiaMocatta by telephone at 12:00 noon (London time) each working day. The other two members of the silver fixing are Deutsche Bank AG (London) and HSBC Bank USA N.A. (London branch). Orders executed at the fixing are conducted as principal-to-principal transactions between the client and the dealer through whom the order is placed. Clients place orders with the dealing rooms of the fixing members, who net all the orders before communicating their interest to their representative at the fixing. The metal price is then adjusted to reflect whether there are more buyers or sellers at a given price until such time as supply and demand is seen to be balanced. Orders can be changed throughout the proceedings as the

price is moved higher and lower until such time as buyers and sellers orders are satisfied and the price is said to be fixed.

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Once the value of the silver has been determined, the Trustee 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 total value of the silver and all other assets of the Trust. The resulting figure is the adjusted net asset value of the Trust, which is used to compute all fees (including the Trustee s and the Sponsor s fees) 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 determines the NAV by dividing the net asset value of the Trust by the number of the Shares outstanding at the time the computation is made.

Trust Expenses

The Trust s only ordinary recurring expense is expected to be the Sponsor s fee. In exchange for the Sponsor s fee the Sponsor has agreed to assume the following administrative and marketing expenses incurred by the Trust: the Trustee s fee, the Custodian s fee, NYSE Arca 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. The Sponsor also paid the costs of the Trust s organization and the initial sale of the Shares, including the applicable SEC registration fees.

The Sponsor s fee is accrued daily at an annualized rate equal to 0.50% of the adjusted net asset value of the Trust and is payable monthly in arrears. The Trustee will, when directed by the Sponsor, and, in the absence of such direction, may, in its discretion, sell silver in such quantity and at such times as may be necessary to permit payment of the Sponsor s fee and of Trust expenses or liabilities not assumed by the Sponsor. The Trustee is authorized to sell silver at such times and in the smallest amounts required to permit such payments as they become due, it being the intention to avoid or minimize the Trust s holdings of assets other than silver. Accordingly, the amount of silver to be sold will vary from time to time depending on the level of the Trust s expenses and the market price of silver. The Custodian has agreed to purchase from the Trust, at the request of the Trustee, silver needed to cover Trust expenses at a price equal to the price used by the Trustee to determine the value of the silver held by the Trust on the date of the sale.

The Sponsor earned $57,615,453 for the year ended December 31, 2011.

Deposit of Silver; Issuance of Baskets of Shares

The Trust expects to create and redeem Shares on a continuous basis but only in Baskets of 50,000 Shares. Only registered broker-dealers who have entered into written agreements with the Sponsor and the Trustee (each, an Authorized Participant) can deposit silver and receive Baskets of Shares in exchange. Upon the deposit of the corresponding amount of silver with the Custodian, and the payment of the Trustee s applicable fee and of any expenses, taxes or charges (such as stamp taxes or stock transfer taxes or fees), the Trustee will deliver the appropriate number of Baskets to the Depository Trust Company account of the depositing Authorized Participant. The Sponsor and the Trustee maintain a current list of Authorized Participants. As of the date of this report, Barclays Capital Inc., Citigroup Global Markets, Inc., Credit Suisse Securities (USA), LLC, Goldman Sachs & Co., Goldman Sachs Execution & Clearing L.P., J.P. Morgan Securities LLC, Knight Clearing Services LLC, Merrill Lynch Professional Clearing Corp., Newedge Group USA, RBC Capital Markets, LLC, Scotia Capital (USA) Inc., UBS Securities LLC, Virtu Financial BD LLC and Virtu Financial Capital Markets, LLC are the only Authorized Participants. Silver deposited with the Custodian must meet the specifications for weight, dimensions, fineness (or purity), identifying marks and appearance of silver bars as set forth in The Good Delivery Rules for Gold and Silver Bars published by the LBMA (London Good Delivery Standards).

Before making a deposit, the Authorized Participant must deliver to the Trustee a written purchase order indicating the number of Baskets it intends to acquire and the location or locations where it expects to make the corresponding deposit of silver with the Custodian. The date the Trustee receives that order will determine the amount of silver the Authorized Participant needs to deposit (such amount, the Basket Silver Amount). However, orders received by the Trustee after 3:59 p.m. (New York time) on a business day are treated as received on the next following business day. Silver can be delivered to the Custodian in England, New York or at other locations that may be authorized in the future.

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The Basket Silver Amount necessary for the creation of a Basket changes from day to day. The initial Basket Silver Amount at the time of the creation of the Trust was 500,000 ounces of silver. On each day that NYSE Arca is open for regular trading, the Trustee adjusts the quantity of silver constituting the Basket Silver Amount as appropriate to reflect sales of silver, any loss of silver that may occur, and accrued expenses. The computation is made by the Trustee as promptly as practicable after 4:00 p.m. (New York time). The Basket Silver Amount so determined is communicated via facsimile or electronic mail message to all Authorized Participants, and made available on the Sponsor s website for the Shares. NYSE Arca also publishes the Basket Silver Amount determined by the Trustee as indicated above.

Because the Sponsor has assumed what are expected to be most of the Trust s expenses, and the Sponsor s fee accrues daily at the same rate (i.e., 1/365th of the net asset value of the Trust multiplied by 0.50%), in the absence of any extraordinary expenses or liabilities the amount of silver by which the Basket Silver Amount decreases each day is predictable. The Trustee intends to make available on each business day, through the same channels used to disseminate the actual Basket Silver Amount determined by the Trustee as indicated above, an indicative Basket Silver Amount for the next business day. Authorized Participants may use that indicative Basket Silver Amount as guidance regarding the amount of silver that they may expect to have to deposit with the Custodian in respect of purchase orders placed by them on such next business day and accepted by the Trustee. The agreement entered into with each Authorized Participant provides, however, that once a purchase order has been accepted by the Trustee, the Authorized Participant will be required to deposit with the Custodian the Basket Silver Amount determined by the Trustee on the effective date of the purchase order.

No Shares are issued unless and until the Custodian has informed the Trustee that it has allocated to the Trust s account (except that any amounts of less than 1,100 ounces may be held in the Trust account on an unallocated basis) the corresponding amount of silver. In accordance with the procedures that the Custodian has agreed to follow in connection with the creation of Shares, silver received by the Custodian no later than 11:30 a.m. (London time) is required to be allocated to the Trust s account no later than 9:00 a.m. (New York time) on the next day that the Custodian is open for business at the place of delivery. All taxes incurred in connection with the delivery of silver to the Custodian in exchange for Baskets of Shares (including any applicable value added tax) will be the sole responsibility of the Authorized Participant making such delivery.

Redemption of Baskets of Shares; Withdrawal of Silver

Authorized Participants, acting on authority of the registered holder of Shares, may surrender Baskets of Shares in exchange for the corresponding Basket Silver Amount announced by the Trustee. Upon the surrender of such Shares and the payment of the Trustee s applicable fee and of any expenses, taxes or charges (such as stamp taxes or stock transfer taxes or fees), the Trustee will deliver to the order of the redeeming Authorized Participant the amount of silver corresponding to the redeemed Baskets. Shares can only be surrendered for redemption in Baskets of 50,000 Shares each.

Before surrendering Baskets of Shares for redemption, an Authorized Participant must deliver to the Trustee a written request indicating the number of Baskets it intends to redeem and the location where it would like to take delivery of the silver represented by such Baskets. The date the Trustee receives that order determines the Basket Silver Amount to be received in exchange. However, orders received by the Trustee after 3:59 p.m. (New York time) on a business day are treated as received on the next following business day.

The Custodian may make the silver available for collection at its office or at the office of a sub-custodian if the silver is being held by a sub-custodian. Silver is delivered at the locations designated by the Trustee, in consultation with the Custodian. All taxes incurred in connection with the delivery of silver to an Authorized Participant in exchange for Baskets of Shares (including any applicable value added tax) will be the sole responsibility of the Authorized Participant taking such delivery.

Unless otherwise agreed to by the Custodian, silver is delivered to the redeeming Authorized Participants in the form of physical bars only (except that any amount of less than 1,100 ounces may be transferred to an unallocated account of or as ordered by, the redeeming Authorized Participant).

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Redemptions may be suspended only (i) during any period in which regular trading on NYSE Arca is suspended or restricted or the exchange is closed (other than scheduled holiday or weekend closings), or (ii) during an emergency as a result of which delivery, disposal or evaluation of silver is not reasonably practicable.

Fees and Expenses of the Trustee

Each deposit of silver for the creation of Baskets of Shares and each surrender of Baskets of Shares for the purpose of withdrawing Trust property (including if the trust agreement terminates) must be accompanied by a payment to the Trustee of a fee of $500 (or such other fee as the Trustee, with the prior written consent of the Sponsor, may from time to time announce).

The Trustee is entitled to reimburse itself from the assets of the Trust for all expenses and disbursements incurred by it for extraordinary services it may provide to the Trust or in connection with any discretionary action the Trustee may take to protect the Trust or the interests of the holders.

Trust Expenses and Silver Sales

In addition to the fee payable to the Sponsor, the following expenses are paid out of the assets of the Trust:

any expenses or liabilities of the Trust that are not assumed by the Sponsor;

any taxes and other governmental charges that may fall on the Trust or its property;

expenses and costs of any action taken by the Trustee or the Sponsor to protect the Trust and the rights and interests of holders of Shares; and

any indemnification of the Sponsor as described below.

The Trustee sells the Trust s silver from time to time as necessary to permit payment of the fees and expenses that the Trust is required to pay. See Trust Expenses.

The Trustee is not responsible for any depreciation or loss incurred by reason of sales of silver made in compliance with the trust agreement.

Payment of Taxes

The Trustee may deduct the amount of any taxes owed from any distributions it makes. It may also sell Trust assets, by public or private sale, to pay any taxes owed. Registered holders of Shares will remain liable if the proceeds of the sale are not enough to pay the taxes.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion of the material United States federal income tax consequences that generally will apply to the purchase, ownership and disposition of Shares by a U.S. Shareholder (as defined below), and certain United States federal income consequences that may apply to an investment in Shares by a Non-U.S. Shareholder (as defined below), is based on the United States Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated thereunder and judicial and administrative interpretations of the Code, all as in effect on the date of this report and all of which are subject to change either prospectively or retroactively. The tax treatment of owners of beneficial interests in the Shares (Shareholders) may vary depending upon their own particular circumstances. Certain Shareholders (including banks, financial institutions, insurance companies, tax-exempt organizations, broker-dealers, traders, Shareholders that are partnerships for United States federal income tax purposes, persons holding Shares as a position in a hedging, straddle, conversion, or constructive sale transaction for United States federal income tax purposes, persons whose functional currency is not the United States dollar, or other investors with special circumstances)

may be subject to special rules not discussed below. In addition, the following discussion applies only to investors who will hold Shares as capital assets within the meaning of section 1221 of the Code. Moreover, the discussion below does not address the effect of any state, local or foreign tax law on an owner of Shares. Purchasers of Shares are urged to consult their own tax advisors with respect to all federal, state, local and foreign tax law considerations potentially applicable to their investment in Shares.

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For purposes of this discussion, a U.S. Shareholder is a Shareholder that is:

- An individual who is treated as a citizen or resident of the United States for United States federal income tax purposes;
- A corporation (or entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, including the District of Columbia;
- An estate, the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or
- A trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or a trust that has made a valid election under applicable Treasury Regulations to be treated as a domestic trust.

A Shareholder that is not a U.S. Shareholder as defined above or a partnership for United States federal income tax purposes is considered a Non-U.S. Shareholder for purposes of this discussion.

Taxation of the Trust

The Sponsor and the Trustee will treat the Trust as a grantor trust for United States federal income tax purposes. In the opinion of tax counsel to the Trust, although not free from doubt due to the lack of directly governing authority, the Trust will be classified as a grantor trust for United States federal income tax purposes. As a result, the Trust itself will not be subject to United States federal income tax. Instead, the Trust s income and expenses will flow through to the Shareholders, and the Trustee will report the Trust s income, gains, losses and deductions to the Internal Revenue Service (IRS) on that basis. The opinion of tax counsel to the Trust represents only its best legal judgment and is not binding on the IRS or any court. Accordingly, there can be no assurance that the IRS will agree with the conclusions of counsel s opinion and it is possible that the IRS or another tax authority could assert a position contrary to one or all of those conclusions and that a court could sustain that contrary position. Neither the Sponsor nor the Trustee will request a ruling from the IRS with respect to the classification of the Trust for United States federal income tax purposes. If the IRS were to assert successfully that the Trust is not classified as a grantor trust, the Trust would be classified as a partnership for United States federal income tax purposes, which may affect timing and other tax consequences to the Shareholders.

The following discussion assumes that the Trust will be classified as a grantor trust for United States federal income tax purposes.

Taxation of U.S. Shareholders

Shareholders will be treated, for United States federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust s income, if any, and as if they directly incurred their respective pro rata shares of the Trust s expenses. In the case of a Shareholder that purchases Shares for cash, its initial tax basis in its pro rata share of the assets held in the Trust at the time it acquires its Shares will be equal to its cost of acquiring the Shares. In the case of a Shareholder that acquires its Shares as part of a creation of a Basket, the delivery of silver to the Trust in exchange for the underlying silver represented by the Shares will not be a taxable event to the Shareholder, and the Shareholder s tax basis and holding period for the Shareholder s pro rata share of the silver held in the Trust will be the same as its tax basis and holding period for the silver delivered in exchange therefor. For purposes of this discussion, and unless stated otherwise, it is assumed that all of a Shareholder s Shares are acquired on the same date and at the same price per Share. Shareholders that hold multiple lots of Shares, or that are contemplating acquiring multiple lots of Shares, should consult their own tax advisors as to the determination of the tax basis and holding period for the underlying silver related to such Shares.

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When the Trust sells silver, for example to pay expenses, a Shareholder will recognize gain or loss in an amount equal to the difference between (a) the Shareholder s pro rata share of the amount realized by the Trust upon the sale and (b) the Shareholder s tax basis for its pro rata share of the silver that was sold. A Shareholder s tax basis for its share of any silver sold by the Trust generally will be determined by multiplying the Shareholder s total basis for its share of all of the silver held in the Trust immediately prior to the sale, by a fraction the numerator of which is the amount of silver sold, and the denominator of which is the total amount of the silver held in the Trust immediately prior to the sale. After any such sale, a Shareholder s tax basis for its pro rata share of the silver remaining in the Trust will be equal to its tax basis for its share of the total amount of the silver held in the Trust immediately prior to the sale, less the portion of such basis allocable to its share of the silver that was sold.

Upon a Shareholder s sale of some or all of its Shares, the Shareholder will be treated as having sold the portion of its pro rata share of the silver held in the Trust at the time of the sale that is attributable to the Shares sold. Accordingly, the Shareholder generally will recognize gain or loss on the sale in an amount equal to the difference between (a) the amount realized pursuant to the sale of the Shares, and (b) the Shareholder s tax basis for the portion of its pro rata share of the silver held in the Trust at the time of sale that is attributable to the Shares sold, as determined in the manner described in the preceding paragraph.

A redemption of some or all of a Shareholder s Shares in exchange for the underlying silver represented by the Shares redeemed generally will not be a taxable event to the Shareholder. The Shareholder s tax basis for the silver received in the redemption generally will be the same as the Shareholder s tax basis for the portion of its pro rata share of the silver held in the Trust immediately prior to the redemption that is attributable to the Shares redeemed. The Shareholder s holding period with respect to the silver received should include the period during which the Shareholder held the Shares redeemed. A subsequent sale of the silver received by the Shareholder will be a taxable event.

After any sale or redemption of less than all of a Shareholder s Shares, the Shareholder s tax basis for its pro rata share of the silver held in the Trust immediately after such sale or redemption generally will be equal to its tax basis for its share of the total amount of the silver held in the Trust immediately prior to the sale or redemption, less the portion of such basis which is taken into account in determining the amount of gain or loss recognized by the Shareholder upon such sale or, in the case of a redemption, is treated as the basis of the silver received by the Shareholder in the redemption.

Maximum 28% Long-Term Capital Gains Tax Rate for U.S. Shareholders Who Are Individuals

Under current law, gains recognized by individuals from the sale of collectibles, including silver, held for more than one year are taxed at a maximum rate of 28%, rather than the current 15% rate applicable to most other long-term capital gains. For these purposes, gain recognized by an individual upon the sale of an interest in a trust that holds collectibles is treated as gain recognized on the sale of collectibles, to the extent that the gain is attributable to unrealized appreciation in value of the collectibles held by the trust. Therefore, any gain recognized by an individual U.S. Shareholder attributable to a sale of Shares held for more than one year, or attributable to the Trust s sale of any silver which the Shareholder is treated (through its ownership of Shares) as having held for more than one year, generally will be taxed at a maximum rate of 28%. The tax rates for capital gains recognized upon the sale of assets held by an individual U.S. Shareholder for one year or less or by a taxpayer other than an individual United States taxpayer are generally the same as those at which ordinary income is taxed.

3.8% Tax on Net Investment Income for Taxable Years Beginning After December 31, 2012

The Health Care Reform and Education Reconciliation Act of 2010 (Pub. Law 111-152) requires certain U.S. Shareholders who are individuals to pay a 3.8% tax on the lesser of the excess of their modified adjusted gross income over a threshold amount ($250,000 for married persons filing jointly and $200,000 for single taxpayers) or their net investment income, which generally includes capital gains from the disposition of property, for taxable years beginning after December 31, 2012. This tax is in addition to any capital gains taxes due on such investment income. A similar tax will apply to estates and trusts. U.S. Shareholders should consult their own tax advisors regarding the effect, if any, this law may have on their investment in the Shares.

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Brokerage Fees and Trust Expenses

Any brokerage or other transaction fee incurred by a Shareholder in purchasing Shares will be treated as part of the Shareholder s tax basis in the underlying assets of the Trust. Similarly, any brokerage fee incurred by a Shareholder in selling Shares will reduce the amount realized by the Shareholder with respect to the sale.

Shareholders will be required to recognize the full amount of gain or loss upon a sale of silver by the Trust (as discussed above), even though some or all of the proceeds of such sale are used by the Trustee to pay Trust expenses. Shareholders may deduct their respective pro rata shares of each expense incurred by the Trust to the same extent as if they directly incurred the expense. Shareholders who are individuals, estates or trusts, however, may be required to treat some or all of the expenses of the Trust as miscellaneous itemized deductions. Individuals may deduct certain miscellaneous itemized deductions only to the extent they exceed 2% of adjusted gross income. In addition, such deductions may be subject to phase-outs and other limitations under applicable provisions of the Code.

Investment by U.S. Tax-Exempt Shareholders

Certain U.S. Shareholders (U.S. Tax-Exempt Shareholders) are subject to United States federal income tax only on their unrelated business taxable income (UBTI). Unless they incur debt in order to purchase Shares, it is expected that U.S. Tax-Exempt Shareholders should not realize UBTI in respect of income or gains from the Shares. U.S. Tax-Exempt Shareholders should consult their own independent tax advisors regarding the United States federal income tax consequences of holding Shares in light of their particular circumstances.

Investment by Regulated Investment Companies

Mutual funds and other investment vehicles which are regulated investment companies within the meaning of Code section 851 should consult with their tax advisors concerning (i) the likelihood that an investment in Shares, although they are a security within the meaning of the Investment Company Act of 1940, as amended (the Investment Company Act), may be considered an investment in the underlying silver for purposes of Code section 851(b), and (ii) the extent to which an investment in Shares might nevertheless be consistent with preservation of their qualification under Code section 851.

Investment by Certain Retirement Plans

Section 408(m) of the Code provides that the purchase of a collectible as an investment for an individual retirement account (IRA), or for a participant-directed account maintained under any plan that is tax-qualified under section 401(a) of the Code, is treated as a taxable distribution from the account to the owner of the IRA, or to the participant for whom the plan account is maintained, of an amount equal to the cost to the account of acquiring the collectible. The Sponsor has received a private letter ruling from the IRS which provides that the purchase of Shares by an IRA or a participant-directed account maintained under a plan that is tax-qualified under section 401(a) of the Code, will not constitute the acquisition of a collectible or be treated as resulting in a taxable distribution to the IRA owner or plan participant under Code section 408(m). However, in the event any redemption of Shares results in the distribution of silver bullion to an IRA or a participant-directed account maintained under a plan that is tax-qualified under Section 401(a) of the Code, such distribution would constitute the acquisition of a collectible to the extent provided under
section 408(m) of the Code. See ERISA and Related Considerations.

Taxation of Non-U.S. Shareholders

A Non-U.S. Shareholder generally will not be subject to United States federal income tax with respect to gain recognized upon the sale or other disposition of Shares, or upon the sale of silver by the Trust, unless (1) the Non-U.S. Shareholder is an individual and is present in the United States for 183 days or more during the taxable year of the sale or other disposition, and the gain is treated as being from United States sources; or (2) the gain is effectively connected with the conduct by the Non-U.S. Shareholder of a trade or business in the United States and certain other conditions are met.

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United States Information Reporting and Backup Withholding

The Trustee will file certain information returns with the IRS, and provide certain tax-related information to Shareholders, in connection with the Trust. Each Shareholder will be provided with information regarding its allocable portion of the Trust s annual income (if any) and expenses. A U.S. Shareholder may be subject to United States backup withholding tax in certain circumstances unless it provides its taxpayer identification number and complies with certain certification procedures. Non-U.S. Shareholders may have to comply with certification procedures to establish that they are not a United States person in order to avoid the information reporting and backup withholding tax requirements.

The amount of any backup withholding will be allowed as a credit against a Shareholder s United States federal income tax liability and may entitle such a Shareholder to a refund, provided that the required information is furnished to the IRS.

Taxation in Jurisdictions Other Than the United States

Prospective purchasers of Shares that are based in or acting out of a jurisdiction other than the United States are advised to consult their own tax advisors as to the tax consequences, under the laws of such jurisdiction (or any other jurisdiction other than the United States to which they are subject), of their purchase, holding, sale and redemption of or any other dealing in Shares and, in particular, as to whether any value added tax, other consumption tax or transfer tax is payable in relation to such purchase, holding, sale, redemption or other dealing.

ERISA AND RELATED CONSIDERATIONS

The Employee Retirement Income Security Act of 1974 (ERISA) and/or section 4975 of the Code impose certain requirements on employee benefit plans and certain other plans and arrangements, including individual retirement accounts and annuities, Keogh plans, and certain collective investment funds or insurance company general or separate accounts in which such plans or arrangements are invested, that are subject to ERISA and/or the Code (collectively, Plans), and on persons who are fiduciaries with respect to the investment of assets treated as plan assets of a Plan. Investments by Plans are subject to the fiduciary requirements and the applicability of prohibited transaction restrictions under ERISA.

Government plans and some church plans are not subject to the fiduciary responsibility provisions of ERISA or the provisions of section 4975 of the Code, but may be subject to substantially similar rules under state or other federal law. Fiduciaries of any such plans are advised to consult with their counsel prior to an investment in Shares.

In contemplating an investment of a portion of Plan assets in Shares, the Plan fiduciary responsible for making such investment should carefully consider, taking into account the facts and circumstances of the Plan, the Risk Factors discussed below and whether such investment is consistent with its fiduciary responsibilities, including, but not limited to: (a) whether the fiduciary has the authority to make the investment under the appropriate governing plan instrument; (b) whether the investment would constitute a direct or indirect non-exempt prohibited transaction with a party in interest; (c) the Plan s funding objectives; and (d) whether under the general fiduciary standards of investment prudence and diversification such investment is appropriate for the Plan, taking into account the overall investment policy of the Plan, the composition of the Plan s investment portfolio and the Plan s need for sufficient liquidity to pay benefits when due.

Item 1A. Risk Factors.

Because the Shares are created to reflect the price of the silver held by the Trust, the market price of the Shares will be as unpredictable as the price of silver has historically been. This creates the potential for losses, regardless of whether you hold Shares for a short-, mid- or long-term.

Shares are created to reflect, at any given time, the market price of silver owned by the Trust at that time less the Trust s expenses and liabilities. Because the value of Shares depends on the price of silver, it is subject to fluctuations similar to those affecting silver prices. The price of silver has fluctuated widely over the past several years. If silver markets continue to be characterized by the wide fluctuations that they have shown in the past several years, the price of the Shares will change widely and in an unpredictable manner. This exposes your investment in Shares to potential losses if you need to sell your Shares at a time when the price of silver is lower than it was when you made your investment in Shares. Even if you are able to hold Shares for the mid- or long-term, you may never realize a profit, because silver markets have historically experienced extended periods of flat or declining prices.

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Following an investment in Shares, several factors may have the effect of causing a decline in the prices of silver and a corresponding decline in the price of Shares. Among them:

- A change in economic conditions, such as a recession, can adversely affect the price of silver. Silver is used in a wide range of industrial applications, and an economic downturn could have a negative impact on its demand and, consequently, its price and the price of the Shares.

- A significant change in the attitude of speculators and investors towards silver. Should the speculative community take a negative view towards silver, a decline in world silver prices could occur, negatively impacting the price of the Shares.

- A significant increase in silver price hedging activity by silver producers. Traditionally, silver producers have not hedged to the same extent that other producers of precious metals (gold, for example) have. Should there be an increase in the level of hedge activity of silver producing companies, it could cause a decline in world silver prices, adversely affecting the price of the Shares.

Conversely, several factors may trigger a temporary increase in the price of silver prior to your investment in the Shares. If that is the case, you will be buying Shares at prices affected by the temporarily high prices of silver, and you may incur losses when the causes for the temporary increase disappear.

The amount of silver represented by each Share will continue to decrease over the life of the Trust due to the sales of silver necessary to pay the Sponsor s fee and Trust expenses. Without increases in the price of silver sufficient to compensate for that decrease, the price of the Shares will also decline and you will lose money on your investment in Shares.

Although the Sponsor has agreed to assume all organizational and certain ordinary administrative and marketing expenses incurred by the Trust, not all Trust expenses have been assumed by the Sponsor. For example, any taxes and other governmental charges that may be imposed on the Trust s property will not be paid by the Sponsor. As part of its agreement to assume some of the Trust s ordinary administrative expenses, the Sponsor has agreed to pay legal fees and expenses of the Trust not in excess of $100,000 per annum. Any legal fees and expenses in excess of that amount will be the responsibility of the Trust.

Because the Trust does not have any income, it needs to sell silver to cover the Sponsor s fee and expenses not assumed by the Sponsor. The Trust may also be subject to other liabilities (for example, as a result of litigation) which have also not been assumed by the Sponsor. The only source of funds to cover those liabilities will be sales of silver held by the Trust. Even if there are no expenses other than those assumed by the Sponsor, and there are no other liabilities of the Trust, the Trustee will still need to sell silver to pay the Sponsor s fee. The result of these sales is a decrease in the amount of silver represented by each Share. New deposits of silver, received in exchange for new Shares issued by the Trust, do not reverse this trend.

A decrease in the amount of silver represented by each Share results in a decrease in its price even if the price of silver has not changed. To retain the Share s original price, the price of silver has to increase. Without that increase, the lesser amount of silver represented by the Share will have a correspondingly lower price. If these increases do not occur, or are not sufficient to counter the lesser amount of silver represented by each Share, you will sustain losses on your investment in Shares.

An increase in the Trust expenses not assumed by the Sponsor, or the existence of unexpected liabilities affecting the Trust, will force the Trustee to sell larger amounts of silver, and will result in a more rapid decrease of the amount of silver represented by each Share and a corresponding decrease in its value.

The Trust is a passive investment vehicle. This means that the value of your Shares may be adversely affected by Trust losses that, if the Trust had been actively managed, might have been possible to avoid.

The Trustee does not actively manage the silver held by the Trust. This means that the Trustee does not sell silver at times when its price is high, or acquire silver at low prices in the expectation of future price increases. It also means that the Trustee does not

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make use of any of the hedging techniques available to professional silver investors to attempt to reduce the risks of losses resulting from price decreases. Any losses sustained by the Trust will adversely affect the value of your Shares.

The price received upon the sale of Shares may be less than the value of the silver represented by them.

The result obtained by subtracting the Trust s expenses and liabilities on any day from the price of the silver owned by the Trust on that day is the net asset value of the Trust which, when divided by the number of Shares outstanding on that date, results in the NAV.

Shares may trade at, above or below their NAV. The NAV of Shares will fluctuate with changes in the market value of the Trust s assets. The trading prices of Shares will fluctuate in accordance with changes in their NAVs as well as market supply and demand. The amount of the discount or premium in the trading price relative to the NAV per Share may be influenced by non-concurrent trading hours between the major silver markets and NYSE Arca. While the Shares will trade on NYSE Arca until 4:00 p.m. (New York time), liquidity in the market for silver will be reduced after the close of the major world silver markets, including London, Zurich and COMEX. As a result, during this time, trading spreads, and the resulting premium or discount on Shares, may widen.

The liquidation of the Trust may occur at a time when the disposition of the Trust s silver will result in losses to investors in Shares.

The Trust will have limited duration. If certain events occur, at any time, the Trustee will have to terminate the Trust. Otherwise, the Trust will terminate automatically after forty years.

Upon termination of the Trust, the Trustee will sell silver in the amount necessary to cover all expenses of liquidation, and to pay any outstanding liabilities of the Trust. The remaining silver will be distributed among investors surrendering Shares. Any silver remaining in the possession of the Trustee after 90 days may be sold by the Trustee and the proceeds of the sale will be held by the Trustee until claimed by any remaining holders of Shares. Sales of silver in connection with the liquidation of the Trust at a time of low prices will likely result in losses, or adversely affect your gains, on your investment in Shares.

There may be situations where an Authorized Participant is unable to redeem a Basket of shares. To the extent the value of silver decreases, these delays may result in a decrease in the value of the silver the Authorized Participant will receive when the redemption occurs, as well as a reduction in liquidity for all shareholders in the secondary market.

Although Shares surrendered by Authorized Participants in Basket-size aggregations are redeemable in exchange for the underlying amount of silver, redemptions may be suspended during any period while regular trading on NYSE Arca is suspended or restricted, or in which an emergency exists that makes it reasonably impracticable to deliver, dispose of, or evaluate silver. If any of these events occurs at a time when an Authorized Participant intends to redeem Shares, and the price of silver decreases before such Authorized Participant is able again to surrender for redemption Baskets of Shares, such Authorized Participant will sustain a loss with respect to the amount that it would have been able to obtain in exchange for the silver received from the Trust upon the redemption of its Shares, had the redemption taken place when such Authorized Participant originally intended it to occur. As a consequence, Authorized Participants may reduce their trading in Shares during periods of suspension, decreasing the number of potential buyers of Shares in the secondary market and, therefore, decreasing the price a shareholder may receive upon sale.

The liquidity of the Shares may also be affected by the withdrawal from participation of Authorized Participants.

In the event that one of more Authorized Participants which have substantial interests in Shares withdraw from participation, the liquidity of the Shares will likely decrease, which could adversely affect the market price of the Shares and result in your incurring a loss on your investment.

Authorized Participants with large holdings may choose to terminate the Trust.

Holders of 75% of the Shares have the power to terminate the Trust. This power may be exercised by a relatively small number of holders. If it is so exercised, investors who wished to continue to invest in silver through the vehicle of the Trust will have to find another vehicle, and may not be able to find another vehicle that offers the same features as the Trust.

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The lack of an active trading market for the Shares may result in losses on your investment at the time of disposition of your Shares.

Although Shares are listed for trading on NYSE Arca, you should not assume that an active trading market for the Shares will develop or be maintained. If you need to sell your Shares at a time when no active market for them exists, such lack of an active market will most likely adversely affect the price you receive for your Shares (assuming you are able to sell them).

If the process of creation and redemption of Baskets of Shares encounters any unanticipated difficulties or is materially restricted due to any illiquidity in the market for physical silver, the possibility for arbitrage transactions by Authorized Participants, intended to keep the price of the Shares closely linked to the price of silver may not exist and, as a result, the price of the Shares may fall or otherwise diverge from NAV.

If the processes of creation and redemption of Shares (which depend on timely transfers of silver to and by the Custodian) encounter any unanticipated difficulties, potential market participants, such as the Authorized Participants and their customers, who would otherwise be willing to purchase or redeem Baskets of Shares to take advantage of any arbitrage opportunity arising from discrepancies between the price of the Shares and the price of the underlying silver may not take the risk that, as a result of those difficulties, they may not be able to realize the profit they expect. If this is the case, the liquidity of the Shares may decline and the price of the Shares may fluctuate independently of the price of silver and may fall. Furthermore, in the event that the London market for physical silver should become relatively illiquid and thereby materially restrict opportunities for arbitraging by delivering silver in return for Baskets of Shares, the Shares price may diverge from the value of physical silver and may fall.

As an owner of Shares, you will not have the rights normally associated with ownership of other types of shares.

Shares are not entitled to the same rights as shares issued by a corporation. By acquiring Shares, you are not acquiring the right to elect directors, to receive dividends, to vote on certain matters regarding the issuer of your Shares or to take other actions normally associated with the ownership of shares.

As an owner of Shares, you will not have the protections normally associated with ownership of shares in an investment company registered under the Investment Company Act, or the protections afforded by the Commodity Exchange Act of 1936.

The Trust is not registered as an investment company for purposes of United States federal securities laws, and is not subject to regulation by the SEC as an investment company. Consequently, the owners of Shares do not have the regulatory protections provided to investors in investment companies. For example, the provisions of the Investment Company Act that limit transactions with affiliates, prohibit the suspension of redemptions (except under certain limited circumstances) or limit sales loads do not apply to the Trust.

The Trust does not hold or trade in commodity futures contracts regulated by the Commodity Exchange Act (CEA), as administered by the Commodity Futures Trading Commission (CFTC). Furthermore, the Trust is not a commodity pool for purposes of the CEA, and its Sponsor is not subject to regulation by the CFTC as a commodity pool operator, or a commodity trading advisor. Consequently, the owner of Shares does not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools. Consequently, the Trustee is not subject to registration as a commodity pool operator and the owners of Shares do not receive the disclosure document and certified annual report required to be delivered by a commodity pool operator.

The value of the Shares will be adversely affected if silver owned by the Trust is lost or damaged in circumstances in which the Trust is not in a position to recover the corresponding loss.

The Custodian is responsible to the Trust for loss or damage to the Trust s silver only under limited circumstances. The agreement with the Custodian contemplates that the Custodian will be responsible to the Trust only if it acts with negligence, fraud or in willful default of its obligations under the Custodian agreement. In addition, the Custodian has agreed to indemnify the Trust for any loss or liability directly resulting from a breach of the Custodian s representations and warranties in the Custodian agreement, a failure of the

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Custodian to act in accordance with the Trustee s instructions or any physical loss, destruction or damage to the silver held for the Trust s account, except for losses due to nuclear accidents, terrorism, riots, acts of God, insurrections, strikes and similar causes beyond the control of the Custodian for which the Custodian will not be responsible to the Trust.

The Custodian has no obligation to replace any silver lost under circumstances for which the Custodian is liable to the Trust. The Custodian s liability to the Trust, if any, will be limited to the value of any silver lost, or the amount of any balance held on an unallocated basis, at the time of the Custodian s negligence, fraud, or willful default, or at the time of the act or omission giving rise to the claim for indemnification.

In addition, because the Custodian agreement is governed by English law, any rights which the holders of Shares may have against the Custodian will be different from, and may be more limited than, those that could have been available to them under the laws of a different jurisdiction. The choice of English law to govern the Custodian agreement, however, is not expected to affect any rights that the holders of the Shares may have against the Trust or the Trustee.

Any loss of silver owned by the Trust will result in a corresponding loss in the NAV and it is reasonable to expect that such loss will also result in a decrease in the value at which the Shares are traded on NYSE Arca.

Silver transferred to the Trust in connection with the creation of Baskets of Shares may not be of the quality required under the trust agreement. The Trust will sustain a loss if the Trustee issues Shares in exchange for silver of inferior quality and that loss will adversely affect the value of all existing Shares.

The procedures agreed to with the Custodian contemplate that the Custodian must undertake certain tasks in connection with the inspection of silver delivered by Authorized Participants in exchange for Baskets of Shares. The Custodian s inspection includes review of the corresponding bar list to ensure that it accurately describes the weight, fineness, refiner marks and bar numbers appearing on the silver bars, but does not include any chemical or other tests designed to verify that the silver received does, in fact, meet the purity requirements referred to in the trust agreement. Accordingly, such inspection procedures may not prevent the deposit of silver that fails to meet these purity standards. Each Authorized Participant that deposits silver in the Trust is liable to the Trust if that silver does not meet the requirements of the trust agreement. The Custodian will not be responsible or liable to the Trust or to any investor in the event any silver otherwise properly inspected by it does not meet the purity requirements contained in the trust agreement. To the extent that Baskets of Shares are issued in exchange for silver of inferior quality and the Trust is not able to recover damages from the Authorized Participant that deposited that silver, the total value of the assets of the Trust will be adversely affected and, with it, the NAV. In these circumstances, it is reasonable to expect that the value at which the Shares trade on NYSE Arca will also be adversely affected.

The value of the Shares will be adversely affected if the Trust is required to indemnify the Sponsor or the Custodian as contemplated in the trust agreement and the Custodian agreement.

Under the trust agreement, the Sponsor has a right to be indemnified from the Trust for any liability or expense it incurs without negligence, bad faith or willful misconduct on its part. Similarly, under the Custodian agreement the Custodian has a right to be indemnified from the Trust for any liability or expense it incurs without negligence, willful default or fraud on its part. This means that it may be necessary to sell assets of the Trust in order to cover losses or liability suffered by the Sponsor or the Custodian. Any sale of that kind would reduce the net asset value of the Trust and the value of the Shares.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Not applicable.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

a) On December 4, 2008 the Shares commenced trading on NYSE Arca under the symbol SLV. Prior to that, the Shares were traded on the American Stock Exchange, also under the symbol SLV, since their initial public offering on April 21, 2006.

For each of the quarters during the fiscal years ended December 31, 2011 and 2010, the high and low sale prices of the Shares as reported for NYSE Arca transactions were as follows:

	Years Ended December 31,			
	2011		2010	
	High	Low	High	Low
First Quarter	$ 36.77	$ 26.23	$ 18.45	$ 14.75
Second Quarter	$ 47.26	$ 32.63	$ 19.12	$ 17.05
Third Quarter	$ 42.63	$ 28.87	$ 21.40	$ 17.16
Fourth Quarter	$ 34.27	$ 26.27	$ 30.18	$ 21.51

The number of Shareholders of record of the registrant as of January 31, 2012 was approximately 511,007.

b) Not applicable.

c) 22,050,000 Shares (441 Baskets) were redeemed during the fourth quarter of the year ended December 31, 2011.

Period	Total Number of Shares Redeemed	Average Ounces of Silver Per Share
10/01/11 to 10/31/11	9,950,000	0.9733
11/01/11 to 11/30/11	6,450,000	0.9729
12/01/11 to 12/31/11	5,650,000	0.9724
Total	22,050,000	0.9729

Item 6. Selected Financial Data.

Financial Highlights (for the years ending December 31, 2011, 2010, 2009, 2008 and 2007)

(Dollar amounts in $000 s, except for per Share amounts)

	December 31,				
	2011	2010	2009	2008*	2007*
Total assets	$ 7,191,460	$ 5,650,138	$ 4,210,142	$ 2,928,317	$ 1,838,497
Total gain (loss) on sales and distributions of silver	$ 3,127,700	$ 265,706	$ 22,817	$ (17,207)	$ 63,042
Net income (loss)	$ 3,070,085	$ 234,419	$ 2,739	$ (31,561)	$ 53,914
Weighted-average Shares outstanding	335,012,740	314,367,671	277,269,041	196,716,940	137,510,959
Net income (loss) per Share	$ 9.16	$ 0.75	$ 0.01	$ (0.16)	$ 0.39
Net cash flows	$	$	$	$	$

* Share and per Share amounts were adjusted to reflect a ten-for-one share split for shareholders of record as of the close of business on July 21, 2008, payable after the close of trading on July 23, 2008.

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Item 7. 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 financial statements included with this report. 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 any 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 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 Trustee acting as trustee pursuant to the Depositary Trust Agreement (as amended, the Trust Agreement) between the Trustee and the Sponsor. The Trust issues Shares representing fractional undivided beneficial interests in its net assets. The assets of the Trust consist primarily of silver bullion held by a custodian, as an agent of the Trust responsible only to the Trustee.

The Trust is a passive investment vehicle and the objective of the Trust is for the value of each Share to approximately 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 Baskets of 50,000 Shares or integral multiples thereof, and only in transactions with Authorized Participants. A list of current Authorized Participants is available from the Sponsor or the Trustee.

Shares of the Trust trade on NYSE Arca 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 on the basis of that day s announced 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.

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 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 Policies

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

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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 bullion, a critical accounting policy that we believe is important to understanding our results of operations and financial position. In addition, please refer to Note 2 to the financial statements for further discussion of the Trust s accounting policies.

Valuation of Silver Bullion

Silver bullion 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 bullion held be lower than its average cost during the interim periods, an adjustment (market value reserve) to cost may be recorded by the Trust to reflect market value. At the end of the Trust s fiscal year, management will make a determination on whether the reserve is recovered or whether the cost basis of silver should be written down. As indicated above, the London Fix is also used to value silver bullion 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 bullion that are available that could be different than that chosen by the Trust. The London Fix is used by the Trust because it is commonly used by the U.S. silver market as an indicator of the value of silver, and is permitted to be used under the Trust Agreement. The use of an indicator of the value of silver bullion 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 following chart shows the daily London Fix Spot Settlement Prices for the period from December 2006 through December 2011:

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Results of Operations

The Year Ended December 31, 2011

The Trust s net asset value fell from $10,750,993,519 at December 31, 2010 to $8,698,880,266 at December 31, 2011, a 19.09% decrease for the year. The decrease in the Trust s net asset value resulted primarily from a decrease in the outstanding Shares, which fell from 359,200,000 Shares at December 31, 2010 to 317,500,000 Shares at December 31, 2011, a consequence of 143,550,000 Shares (2,871 Baskets) being created and 185,250,000 Shares (3,705 Baskets) being redeemed during the year, and a decrease in the London Fix price, which fell 8.00% from $30.63 at December 31, 2010 to $28.18 at December 31, 2011.

The 8.45% decline in the Trust s net asset value per Share from $29.93 at December 31, 2010 to $27.40 at December 31, 2011 is directly related to the 8.00% decrease in the London Fix price.

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 $57,615,453 for the year, or 0.50% of the Trust s average weighted assets of $11,517,468,716 during the year. The net asset value per Share of $47.52 on April 29, 2011 was the highest during the year, compared with a low during the year of $25.43 on December 29, 2011. 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 day.

Net income for the year ended December 31, 2011 was $3,070,084,804, resulting from a net gain of $24,795,199 on the sales of silver to pay expenses, and a net gain of $3,102,905,058 on silver distributed for the redemption of Shares, offset by Sponsor s fees of $57,615,453. Other than the Sponsor s fees, the Trust had no expenses during the year ended December 31, 2011.

The Year Ended December 31, 2010

The Trust s net asset value grew from $5,183,153,950 at December 31, 2009 to $10,750,993,519 at December 31, 2010, a 107.42% increase for the year. The increase in the Trust s net asset value resulted primarily from an increase in the London Fix price, which rose 80.28% from $16.99 at December 31, 2009 to $30.63 at December 31, 2010 and an increase in outstanding Shares, which rose from 310,700,000 Shares at December 31, 2009 to 359,200,000 Shares at December 31, 2010, a consequence of 89,600,000 Shares (1,792 Baskets) being created during the year and 41,100,000 Shares (822 Baskets) being redeemed during the year.

The 79.44% increase in the Trust s net asset value per Share from $16.68 at December 31, 2009 to $29.93 at December 31, 2010 directly relates to the 80.28% increase in the London Fix price.

The Trust s net asset value per Share increased slightly less than the price of silver on a percentage basis due to Sponsor s fees, which were $31,287,009 for the year, or 0.50% of the Trust s average weighted assets of $6,272,696,238 during the year. The net asset value per Share of $30.00 at December 30, 2010 was the highest during the year, compared with a low of $14.86 at February 8, 2010. 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 day.

Net income for the year ended December 31, 2010 was $234,419,195, resulting from a net gain of $8,303,205 on the sales of silver to pay expenses, and a net gain of $257,402,939 on silver distributed for the redemption of Shares, offset by Sponsor s fees of $31,287,009. Other than the Sponsor s fees, the Trust had no expenses during the year ended December 31, 2010.

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The Year Ended December 31, 2009

The Trust s net asset value grew from $2,355,597,515 at December 31, 2008 to $5,183,153,950 at December 31, 2009, a 120.04% increase for the year. The increase in the Trust s net asset value resulted primarily from an increase in the London Fix price, which rose 57.46% from $10.79 at December 31, 2008 to $16.99 at December 31, 2009 and an increase in outstanding Shares, which rose from 221,250,000 Shares at December 31, 2008 to 310,700,000 Shares at December 31, 2009, a consequence of 110,550,000 Shares (2,211 Baskets) being created during the year and 21,100,000 Shares (422 Baskets) being redeemed during the year.

The 56.62% increase in the Trust s net asset value per Share from $10.65 at December 31, 2008 to $16.68 at December 31, 2009 directly relates to an increase in the London Fix price, which rose 57.46%.

The Trust s net asset value per Share increased slightly less than the price of silver on a percentage basis due to Sponsor s fees, which were $20,077,877 for the year, or 0.50% of the Trust s average weighted assets of $4,023,295,575 during the year. The net asset value per Share of $18.84 at December 2, 2009 was the highest during the year, compared with a low of $10.37 at January 15, 2009. 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 day.

Net income for the year ended December 31, 2009 was $2,739,245, resulting from a net gain of $1,421,986 on the sales of silver to pay expenses, and a net gain of $21,395,136 on silver distributed for the redemption of Shares, offset by Sponsor s fees of $20,077,877. Other than the Sponsor s fees, the Trust had no expenses during the year ended December 31, 2009.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

Quarterly Income Statements

(Dollar amounts in $000 s, except for per Share amounts)

	Three Months Ended (Unaudited)				Year Ended
	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011	December 31, 2011
Revenue					
Proceeds from sales of silver to pay expenses	$ 12,422	$ 16,864	$ 14,983	$ 13,629	$ 57,898
Cost of silver sold to pay expenses	(6,652)	(8,263)	(8,448)	(9,740)	(33,103)
Gain on sales of silver to pay expenses	5,770	8,601	6,535	3,889	24,795
Gain on silver distributed for the redemption of Shares	473,132	1,962,478	486,613	180,682	3,102,905
Total gain on sales and distributions of silver	478,902	1,971,079	493,148	184,571	3,127,700
Expenses					
Sponsor s fees	(13,412)	(16,169)	(15,427)	(12,607)	(57,615)
Total expenses	(13,412)	(16,169)	(15,427)	(12,607)	(57,615)
Net income	$ 465,490	$ 1,954,910	$ 477,721	$ 171,964	$ 3,070,085
Net income per Share	$ 1.32	$ 5.71	$ 1.48	$ 0.53	$ 9.16
Weighted-average Shares outstanding	352,079,444	342,251,099	323,457,609	322,712,500	335,012,740

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	$000,000000	$000,000000	$000,000000	$000,000000	$000,000000
	Three Months Ended (Unaudited)				Year Ended
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	December 31, 2010
Revenue					
Proceeds from sales of silver to pay expenses	$ 6,400	$ 6,626	$ 6,789	$ 9,442	$ 29,257
Cost of silver sold to pay expenses	(5,249)	(5,038)	(5,061)	(5,606)	(20,954)
Gain on sales of silver to pay expenses	1,151	1,588	1,728	3,836	8,303
Gain on silver distributed for the redemption of Shares	53,427	56,779	4,389	142,808	257,403
Total gain on sales and distributions of silver	54,578	58,367	6,117	146,644	265,706
Expenses					
Sponsor s fees	(6,282)	(6,690)	(7,084)	(11,231)	(31,287)
Total expenses	(6,282)	(6,690)	(7,084)	(11,231)	(31,287)
Net income (loss)	$ 48,296	$ 51,677	$ (967)	$ 135,413	$ 234,419
Net income (loss) per Share	$ 0.16	$ 0.17	$ (0.00)	$ 0.39	$ 0.75
Weighted-average Shares outstanding	307,343,333	299,169,780	304,032,609	346,607,065	314,367,671

The financial statements required by Regulation S-X, together with the report of the Trust s independent registered public accounting firm appear on pages F-1 to F-10 of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There have been no changes in accountants and no disagreements with accountants during the year ended December 31, 2011.

Item 9A. 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 were effective as of the end of the period covered by this report to provide reasonable assurance that information required to be disclosed in the reports that the Trust files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to 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, as appropriate to allow timely decisions regarding required disclosure.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures.

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Management s Report on Internal Control over Financial Reporting

The Sponsor s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act 13a-15(f) and 15d-15(f). The Trust s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Trust s assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Trust s receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Trust s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The principal executive officer and principal financial officer of the Sponsor assessed the effectiveness of the Trust s internal control over financial reporting as of December 31, 2011. Their assessment included an evaluation of the design of the Trust s internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. In making its assessment, the Sponsor s management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report entitled *Internal Control Integrated Framework.* Based on their assessment and those criteria, the principal executive officer and principal financial officer of the Sponsor concluded that the Trust maintained effective internal control over financial reporting as of December 31, 2011.

The effectiveness of the Trust s internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited and reported on the financial statements included in this Form 10-K, as stated in their report which is included herein.

Remediation of 2010 Material Weakness

Management, including the principal executive officer and the principal financial officer of the Sponsor, previously reported a material weakness in the Trust s internal control over financial reporting as of December 31, 2010 relating to a failure to properly apply its accounting policy regarding accounting for inventory given the commodity-based nature of the Trust. Subsequent to filing the Trust s Amendment No. 1 to its Annual Report on Form 10-K for the year ended December 31, 2010, the Sponsor s management completed its evaluation of the circumstances that resulted in misstatements in the Trust s 2008 and 2009 financial statements and implemented additional procedures and controls that when considered with other controls that have been implemented and operating effectively since its original 2010 filing, have remediated the material weakness. The additional procedures and controls include:

Updating the Trust s inventory accounting policy and procedures and incorporating the policy into its financial reporting checklist which was used in connection with the preparation of the Trust s Annual Report on Form 10-K for the year ended December 31, 2011. The updated policy has been approved by the Sponsor s accounting policy committees.

Training held with fund administration staff with respect to the updated accounting policy and procedures.

Implemented additional monitoring of market and analysis to determine whether a market value reserve is appropriate.

Management implemented and performed the additional procedures and controls described above as necessary in connection with the preparation of the Trust s Annual Report on Form 10-K for the year ended December 31, 2011. These additional procedures and controls along with other relevant financial reporting controls that have been implemented since the Trust s prior filings have been assessed during the annual reporting process and management has concluded that the material weakness relating to the application of the Trust s accounting policy for inventory has been remediated.

Changes in Internal Control over Financial Reporting

As a result of the remediation of the material weakness described above, there were changes in the Trust s internal control over financial reporting that occurred during the Trust s fourth fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Trust s internal control over financial reporting.

Item 9B. Other Information.

Not applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Not applicable.

Item 11. Executive Compensation.

Not applicable.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance under Equity Compensation Plans

Not applicable.

Security Ownership of Certain Beneficial Owners and Management

Not applicable.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Not applicable.

Item 14. Principal Accounting Fees and Services.

(1) to (4) Fees for services performed by PricewaterhouseCoopers LLP for the years ended December 31, 2011 and 2010 were:

	2011	2010
Audit fees	$ 63,001	$ 63,001
Audit-related fees	1,500	
Tax fees		
All other fees		
	$ 64,501	$ 63,001

(5) The registrant has no board of directors, and as a result, has no audit committee and no pre-approval policies or procedures with respect to fees paid to PricewaterhouseCoopers LLP.

(6) None of the hours expended on PricewaterhouseCoopers LLP s engagement to audit the registrant s financial statements for the year ended December 31, 2011 were attributable to work performed by persons other than the principal accountant s full-time, permanent employees.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

a)(1) See Index to Financial Statements on Page F-1 for a list of the financial statements being filed as part of this report.

a)(2) Schedules have been omitted since they are either not required, not applicable, or the information has otherwise been included.

a)(3)

Exhibit No.	Description
4.1	Depositary Trust Agreement is incorporated by reference to Exhibit 4.1 filed with Registration Statement No. 333-156506 on December 30, 2008
4.2	First Amendment to Depositary Trust Agreement is incorporated by reference to Exhibit 4.1 filed with Current Report on Form 8-K on December 2, 2009
4.3	Standard Terms for Authorized Participant Agreements is incorporated by reference to Exhibit 4.2 filed with Registration Statement No. 333-156506 on December 30, 2008
10.1	Custodian Agreement is incorporated by reference to Exhibit 10.1 filed with Registration Statement No. 333-156506 on December 30, 2008
10.2	Sub-license Agreement is incorporated by reference to Exhibit 10.2 filed with Registration Statement No. 333-156506 on December 30, 2008
10.3	Amendment No. 1 to Custodian Agreement is incorporated by reference to Exhibit 10.3 filed with Registration Statement No. 333-137621 on September 27, 2006
10.4	Second Amendment to Custodian Agreement is incorporated by reference to Exhibit 10.1 filed with Current Report on Form 8-K on February 10, 2010
10.5	Third Amendment to Custodian Agreement is incorporated by reference to Exhibit 10.5 filed with Registration Statement No. 333-170492 on November 9, 2010
10.6	Fourth Amendment to Custodian Agreement is incorporated by reference to Exhibit 10.1 filed with Current Report on Form 8-K on February 14, 2012
23.1	Consent of PricewaterhouseCoopers LLP
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
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

*

Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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iShares® Silver Trust

Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Sponsor, Trustee and Shareholders of

iShares® Silver Trust:

In our opinion, the financial statements listed in the accompanying index present fairly, in all material respects, the financial position of iShares® Silver Trust (the Trust) at December 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Trust maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Sponsor s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Trust s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A trust s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A trust s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the trust; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the trust are being made only in accordance with authorizations of management and directors of the trust; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the trust s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Francisco, California
February 29, 2012

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iShares® Silver Trust

Balance Sheets

At December 31, 2011 and 2010

(Dollar amounts in $000 s)	December 31, 2011	2010
ASSETS		
Current assets		
Silver bullion inventory (fair value of $8,702,922 and $10,755,319, respectively)	$ 7,191,460	$ 5,632,180
Receivable for capital Shares sold		17,958
TOTAL ASSETS	$ 7,191,460	$ 5,650,138
LIABILITIES, REDEEMABLE CAPITAL SHARES AND SHAREHOLDERS EQUITY (DEFICIT)		
Current liabilities		
Sponsor s fees payable	$ 4,042	$ 4,325
Total liabilities	4,042	4,325
Commitments and contingent liabilities (Note 5)		
Redeemable capital Shares, no par value, unlimited amount authorized (at redemption value) 317,500,000 issued and outstanding at December 31, 2011 and 359,200,000 issued and outstanding at December 31, 2010	8,698,880	10,750,994
Shareholders equity (deficit)	(1,511,462)	(5,105,181)
TOTAL LIABILITIES, REDEEMABLE CAPITAL SHARES AND SHAREHOLDERS EQUITY (DEFICIT)	$ 7,191,460	$ 5,650,138

See notes to financial statements.

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iShares® Silver Trust

Income Statements

For the years ended December 31, 2011, 2010 and 2009

(Dollar amounts in $000 s, except for per Share amounts)	Years Ended December 31, 2011	2010	2009
Revenue			
Proceeds from sales of silver to pay expenses	$ 57,898	$ 29,257	$ 18,718
Cost of silver sold to pay expenses	(33,103)	(20,954)	(17,296)
Gain on sales of silver to pay expenses	24,795	8,303	1,422
Gain on silver distributed for the redemption of Shares	3,102,905	257,403	21,395
Total gain on sales and distributions of silver	3,127,700	265,706	22,817
Expenses			
Sponsor s fees	(57,615)	(31,287)	(20,078)
Total expenses	(57,615)	(31,287)	(20,078)
NET INCOME	$ 3,070,085	$ 234,419	$ 2,739
Net income per Share	$ 9.16	$ 0.75	$ 0.01
Weighted-average Shares outstanding	335,012,740	314,367,671	277,269,041

See notes to financial statements.

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iShares® Silver Trust

Statements of Changes in Shareholders Equity (Deficit)

For the years ended December 31, 2011, 2010 and 2009

	Years Ended December 31,		
(Dollar amounts in $000 s)	**2011**	**2010**	**2009**
Shareholders equity (deficit) beginning of period	$ (5,105,181)	$ (975,307)	$ 571,784
Net income	3,070,085	234,419	2,739
Adjustment of redeemable capital Shares to redemption value	523,634	(4,364,293)	(1,549,830)
Shareholders equity (deficit) end of period	$ (1,511,462)	$ (5,105,181)	$ (975,307)

See notes to financial statements.

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iShares® Silver Trust

Statements of Cash Flows

For the years ended December 31, 2011, 2010 and 2009

(Dollar amounts in $000 s)	Years Ended December 31, 2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Proceeds from sales of silver	$ 57,898	$ 29,257	$ 18,718
Expenses Sponsor s fees paid	(57,898)	(29,257)	(18,718)
Net cash provided by operating activities			
Increase (decrease) in cash			
Cash, beginning of period			
Cash, end of period	$	$	$
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income	$ 3,070,085	$ 234,419	$ 2,739
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on silver distributed for the redemption of Shares	(3,102,905)	(257,403)	(21,395)
Cost of silver sold to pay expenses	33,103	20,954	17,296
Increase (decrease) in Sponsor s fees payable	(283)	2,030	1,360
Net cash provided by operating activities	$	$	$
Supplemental disclosure of non-cash information:			
Carrying value of silver received for creation of Shares	$ 5,175,079	$ 2,040,507	$ 1,575,673
Carrying value of silver distributed for redemption of Shares, at average cost	$ (3,600,654)	$ (579,557)	$ (276,552)

See notes to financial statements.

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iShares® Silver Trust

Notes to Financial Statements

December 31, 2011

1 - Organization

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 Mellon (the Trustee), which is responsible for the day to day administration of the Trust. The Trust s sponsor is BlackRock Asset Management International Inc. (the Sponsor), a Delaware corporation. 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 Trust issues units of beneficial interest (or Shares) representing fractional undivided beneficial interests in its net assets.

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 bullion.

The Trust is not an investment company registered under the Investment Company Act of 1940, as amended.

2 - Summary of Significant Accounting Policies

A. *Basis of Accounting*

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and these differences could be material.

B. *Silver Bullion*

JPMorgan Chase Bank N.A., London branch (the Custodian), is responsible for the safekeeping of silver bullion owned by the Trust.

For financial statement purposes, the silver bullion 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 bullion held be lower than its average cost during the interim periods, an adjustment (market value reserve) to cost may be recorded by the Trust to reflect market value. At the end of the Trust s fiscal year, management will make a determination on whether the reserve is recovered or whether the cost basis of silver should be written down. Gain or loss on sales of silver bullion is calculated on a trade date basis. Fair value of the silver bullion 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 (London Fix).

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The following table summarizes activity in silver bullion for the years ended December 31, 2011, 2010 and 2009 (all balances in 000 s):

December 31, 2011	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	351,136.8	$ 5,650,138	$ 10,755,319	$
Silver contributed	139,996.4	5,175,079	5,175,079	
Silver distributed	(180,659.8)	(3,600,654)	(6,703,559)	3,102,905
Silver sold	(1,640.1)	(33,103)	(57,898)	24,795
Adjustment for realized gain			3,127,700	
Adjustment for unrealized loss on silver bullion			(3,593,719)	
Ending balance	308,833.3	$ 7,191,460	$ 8,702,922	$ 3,127,700

December 31, 2010	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	305,206.0	$ 4,210,142	$ 5,185,449	$
Silver contributed	87,675.4	2,040,507	2,040,507	
Silver distributed	(40,268.3)	(579,557)	(836,960)	257,403
Silver sold	(1,476.3)	(20,954)	(29,257)	8,303
Adjustment for realized gain			265,706	
Adjustment for unrealized gain on silver bullion			4,129,874	
Ending balance	351,136.8	$ 5,650,138	$ 10,755,319	$ 265,706

December 31, 2009	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	218,399.7	$ 2,928,317	$ 2,356,533	$
Silver contributed	108,877.6	1,575,673	1,575,673	
Silver distributed	(20,775.6)	(276,552)	(297,947)	21,395
Silver sold	(1,295.7)	(17,296)	(18,718)	1,422
Adjustment for realized gain			22,817	
Adjustment for unrealized gain on silver bullion			1,547,091	
Ending balance	305,206.0	$ 4,210,142	$ 5,185,449	$ 22,817

C. *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 bullion 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 of Shares (such broker-dealers, 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 NYSE Arca, Inc. (NYSE Arca) 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.

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

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 shareholders 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 bullion held by the Trust.

Activity in redeemable capital Shares for the years ended December 31, 2011, 2010 and 2009 was as follows (all balances in 000 s):

	Years Ended December 31,					
	2011		2010		2009	
	Shares	Amount	Shares	Amount	Shares	Amount
Beginning balance	359,200	$ 10,750,994	310,700	$ 5,183,154	221,250	$ 2,355,598
Shares issued	143,550	5,175,079	89,600	2,040,507	110,550	1,575,673
Shares redeemed	(185,250)	(6,703,559)	(41,100)	(836,960)	(21,100)	(297,947)
Redemption value adjustment		(523,634)		4,364,293		1,549,830
Ending balance	317,500	$ 8,698,880	359,200	$ 10,750,994	310,700	$ 5,183,154

D. *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.

3 - Trust 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 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 fee, the Custodian s fee, NYSE Arca listing fees, Securities Exchange Commission registration fees, printing and mailing costs, audit fees and expenses, and up to $100,000 per annum in legal fees and expenses.

4 - 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.

5 - Indemnification

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.

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6 - Concentration Risk

Substantially all of the Trust s assets are holdings of silver bullion, 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.

7 - Subsequent Events

In connection with the preparation of the financial statements of the Trust as of and for the period ended December 31, 2011, management has evaluated the impact of all subsequent events through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BlackRock Asset Management International Inc.,

Sponsor of the iShares® Silver Trust (registrant)

/s/ Michael A. Latham
Michael A. Latham
President and Chief Executive Officer
(Principal executive officer)
Date: February 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities* and on the dates indicated.

/s/ Michael A. Latham
Michael A. Latham
President and Chief Executive Officer
(Principal executive officer)
Date: February 29, 2012

/s/ Jack Gee
Jack Gee
Chief Operating Officer and Chief Financial Officer
(Principal financial and accounting officer)
Date: February 29, 2012

* The registrant is a trust, and the persons are signing in their capacities as officers and directors of BlackRock Asset Management International Inc., the Sponsor of the registrant.