iShares Silver Trust
Form 10-K
February 26, 2010
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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, 2009

¨ 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

Intermediary Investor and Exchange-Traded Products Department

(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:

iShares	**NYSE Arca**
(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 ¨

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 ¨ 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 (Do not check if a smaller reporting company)	¨	Smaller reporting company	¨

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

As of June 30, 2009, the registrant had 284,850,000 shares outstanding. The aggregate market value of the shares held by non-affiliates was approximately $3,814,141,500.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

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Part I

Item 1. Business.

The purpose of iShares® Silver Trust (the Trust) is to own silver transferred to the Trust in exchange for shares issued by the Trust (iShares). Each iShare 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 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 iShares 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 (a Basket consists of 50,000 iShares).

The sponsor of the Trust is BlackRock Asset Management International Inc. (the Sponsor) (formerly Barclays Global Investors International Inc.). The trustee of the Trust is The Bank of New York Mellon (the Trustee) and the custodian is JP Morgan Chase Bank N.A., London branch (the Custodian). The agreement between the Trust and the Custodian is governed by English law.

The Trust s net asset value grew from $2,355,597,515 at December 31, 2008 to $5,183,153,950 by December 31, 2009, the Trust s fiscal year end. Outstanding shares in the Trust grew from 221,250,000 shares at December 31, 2008 to 310,700,000 shares outstanding at December 31, 2009.

The activities of the Trust are limited to (1) issuing Baskets of iShares 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 iShares 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, 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 iShares 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 iShares 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 iShares 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 iShares 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 iShares is:

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

The iShares 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 no more than 1100 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 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 iShares through traditional brokerage accounts. Because the intrinsic value of each iShare is a function of the price of silver held by the Trust, the cash outlay necessary for an investment in iShares should be less than the amount required for currently existing means of investing in physical silver. iShares are eligible for margin accounts.

Listed.

The iShares are listed and trade on 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 iShares, an investment in iShares 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 iShares to reflect, at any given time, the price of silver owned by the Trust at that time less the Trust s expenses and liabilities, iShares may trade at, above or below their net asset value per iShare, or NAV . The NAV of iShares will fluctuate with changes in the market value of the Trust s assets. The trading prices of iShares 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 iShares 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). As a result, during this time, trading spreads, and the resulting premium or discount, on iShares may widen. However, given that Baskets of iShares 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 on the basis of that day s announced 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.

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The London Bullion Market Association (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-Scotia Mocatta by telephone at 12:00 noon (London time) each working day. The other two members of the silver fixing are Deutsche Bank AG 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 .

Fair value of the silver is based on the price for an ounce of silver set each working day by three market making members of the LBMA (The London Fix). 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 iShares 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 iShares, including the applicable SEC registration fees.

The Sponsor s fee is accrued daily and paid monthly in arrears at an annualized rate equal to 0.50% of the adjusted net asset value of the Trust. The Trustee will, when directed by the Sponsor, and, in the absence of such direction, 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 $20,077,877 for the year ended December 31, 2009.

Deposit of Silver; Issuance of Baskets of iShares

The Trust expects to create and redeem iShares on a continuous basis but only in Baskets of 50,000 iShares. 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 iShares 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 delivers the appropriate number of Baskets to the Depository Trust Company account of the depositing Authorized Participant. The Sponsor and the Trustee will maintain a current list of Authorized Participants. Silver deposited with the Custodian must meet the London Good Delivery Standards.

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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, or at other locations that may be authorized in the future.

The Basket Silver Amount necessary for the creation of a Basket changes from day to day. The initial Basket Silver Amount (in effect 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 to the market via the Sponsor s website for the iShares. 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.*, $^{1}/365$th 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 website used to disseminate the actual Basket Silver Amount, 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 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 iShares 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 1100 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 iShares, 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 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 iShares (including any applicable value added tax) will be the sole responsibility of the Authorized Participant making such delivery.

Redemption of Baskets of iShares; Withdrawal of Silver

Authorized Participants, acting on authority of the registered holder of iShares, may surrender Baskets of iShares in exchange for the corresponding Basket Silver Amount announced by the Trustee. Upon the surrender of such iShares 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. iShares can only be surrendered for redemption in Baskets of 50,000 iShares each.

Before surrendering Baskets of iShares 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.

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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 1100 ounces may be transferred to an unallocated account of or as ordered by, the redeeming Authorized Participant).

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 iShares and each surrender of Baskets of iShares 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 iShares; 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 iShares will remain liable if the proceeds of the sale are not enough to pay the taxes.

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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 iShares by a U.S. Shareholder (as defined below), and certain United States federal income consequences that may apply to an investment in iShares 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 Shareholders may vary depending upon their own particular circumstances. Certain Shareholders (including banks, financial institutions, insurance companies, tax-exempt organizations, broker- dealers, traders, persons holding iShares 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 iShares 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 iShares. Purchasers of iShares 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 iShares.

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 partnership (or entity treated as a corporation or partnership 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 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 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.

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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 iShares for cash, its initial tax basis in its pro rata share of the assets held in the Trust at the time it acquires its iShares will be equal to its cost of acquiring the iShares. In the case of a Shareholder that acquires its iShares as part of a creation of a Basket, the delivery of silver to the Trust in exchange for the underlying silver represented by the iShares 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 iShares are acquired on the same date and at the same price per iShare. Shareholders that hold multiple lots of iShares, or that are contemplating acquiring multiple lots of iShares, should consult their own tax advisers as to the determination of the tax basis and holding period for the underlying silver related to such iShares.

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 iShares, 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 iShares 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 iShares, 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 iShares sold, as determined in the manner described in the preceding paragraph.

A redemption of some or all of a Shareholder s iShares in exchange for the underlying silver represented by the iShares 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 iShares redeemed. The Shareholder s holding period with respect to the silver received should include the period during which the Shareholder held the iShares 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 iShares, 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.

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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 iShares 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 iShares) 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.

Brokerage Fees and Trust Expenses

Any brokerage or other transaction fee incurred by a Shareholder in purchasing iShares 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 iShares 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 iShares, it is expected that U.S. Tax-Exempt Shareholders should not realize UBTI in respect of income or gains from the iShares. U.S. Tax-Exempt Shareholders should consult their own independent tax advisers regarding the United States federal income tax consequences of holding iShares 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 iShares, although they are a security within the meaning of the Investment Company Act of 1940, 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 iShares 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 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 iShares by an IRA or a participant-directed account maintained under a plan that is tax-qualified under section 401(a) of the Code,

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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 iShares 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 also 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 iShares, 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.

United States Information Reporting and Backup Withholding

The Trustee will file certain information returns with the IRS, and will 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 iShares that are based in or acting out of a jurisdiction other than the United States are advised to consult their own tax advisers as to the tax consequences, under the laws of such jurisdiction (or any other jurisdiction not being the United States to which they are subject), of their purchase, holding, sale and redemption of or any other dealing in iShares 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.

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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 iShares.

In contemplating an investment of a portion of Plan assets in iShares, 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 iShares are created to reflect the price of the silver held by the Trust, the market price of the iShares will be unpredictable. This creates the potential for losses, regardless of whether you hold iShares for a short-, mid-or long-term.

iShares 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 iShares 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 iShares will change suddenly and in an unpredictable manner. This exposes your investment in iShares to potential losses if you need to sell your iShares at a time when the price of silver is lower than it was when you made your investment in iShares. Even if you are able to hold iShares for the mid-or long-term you may never have a profit, because silver markets have historically experienced extended periods of flat or declining prices.

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

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 iShares.

A significant increase in silver price hedging activity by silver producers. Traditionally, silver producers have not hedged to the same extent as other producers of precious metals (gold, for example) do. 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 iShares.

Conversely, several factors may trigger a temporary increase in the price of silver prior to your investment in the iShares. If that is the case, you will be buying iShares 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 the iShares will continue to be reduced during the life of the Trust due to the sales necessary to pay the Sponsor s fee and Trust expenses. Without increases in the price of silver sufficient to compensate for such reductions, the price of the iShares will also decline and you will lose money on your investment in iShares.

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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 iShare. New deposits of silver, received in exchange for new iShares issued by the Trust, do not reverse this trend.

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

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 iShare and a corresponding decrease in its value.

The Trust is a passive investment vehicle. This means that the value of your iShares 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 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 iShares.

The price received upon the sale of iShares 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 iShares outstanding on that date, results in the NAV.

iShares may trade at, above or below their NAV. The NAV of iShares will fluctuate with changes in the market value of the Trust s assets. The trading prices of iShares 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 iShare may be influenced by non-concurrent trading hours between the major silver markets and NYSE Arca. While the iShares 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 the COMEX. As a result, during this time, trading spreads, and the resulting premium or discount on iShares, may widen.

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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 iShares.

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 iShares. 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 iShares. 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 iShares.

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 iShares 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 iShares, and the price of silver decreases before such Authorized Participant is able again to surrender for redemption Baskets of iShares, 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 iShares, had the redemption taken place when such Authorized Participant originally intended it to occur. As a consequence, Authorized Participants may reduce their trading in iShares during periods of suspension, decreasing the number of potential buyers of iShares in the secondary market and, therefore, the price a shareholder may receive upon sale.

The liquidity of the iShares 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 iShares withdraw from participation, the liquidity of the iShares will likely decrease, which could adversely affect the market price of the iShares 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 iShares 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.

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

Although iShares are listed for trading on NYSE Arca, you should not assume that an active trading market for the iShares will develop or be maintained. If you need to sell your iShares 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 iShares (assuming you are able to sell them).

If the process of creation and redemption of Baskets of iShares 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 iShares closely linked to the price of silver may not exist and, as a result, the price of the iShares may fall or otherwise diverge from NAV.

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If the processes of creation and redemption of iShares (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 iShares to take advantage of any arbitrage opportunity arising from discrepancies between the price of the iShares and the price of the underlying silver may not be able to realize the profit they expect. If this is the case, the liquidity of the iShares may decline and the price of the iShares 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 iShares, the iShares price may diverge from the value of physical silver and may fall.

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

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

As an owner of iShares, you will not have the protections normally associated with ownership of shares in an investment company registered under the Investment Company Act of 1940, 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 iShares 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 iShares 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 iShares do not receive the disclosure document and certified annual report required to be delivered by a commodity pool operator.

The value of the iShares 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 Custodians representations and warranties in the Custodian agreement, a failure of the 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 iShares 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 iShares may have against the Trust or the Trustee.

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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 iShares are traded on NYSE Arca.

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

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 iShares. 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 person 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 iShares are issued in exchange for silver of inferior quality and the Trust is not able to recover damages from the person 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 iShares trade on NYSE Arca will also be adversely affected.

The value of the iShares 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 iShares.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Not applicable.

Item 3. Legal Proceedings.

None.

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

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 iShares commenced trading on NYSE Arca under the symbol SLV . Prior to that, the iShares were traded on the American Stock Exchange (AMEX), also under the symbol SLV, since their initial public offering on April 21, 2006.

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

For each of the quarters during the fiscal years ended December 31, 2009 and 2008, the high and low sale prices of the iShares as reported for AMEX and NYSE Arca transactions were as follows:

	Years Ended December 31,			
	2009		2008	
	High	Low	High	Low
First Quarter	$ 14.34	$ 10.45	$ 20.68	$ 15.05
Second Quarter	$ 15.75	$ 11.68	$ 18.16	$ 16.00
Third Quarter	$ 17.14	$ 12.50	$ 18.94	$ 10.32
Fourth Quarter	$ 18.89	$ 15.82	$ 12.33	$ 8.88

The number of Shareholders of record of the shares of the registrant as of January 29, 2010 was approximately 223.

b) Not applicable.

c) 14 Baskets (700,000 shares) were redeemed during the fourth quarter of the year ended December 31, 2009.

Period	Total Number of Shares Redeemed	Average Ounces of Silver Per Share
10/01/09 to 10/31/09		
11/01/09 to 11/30/09		
12/01/09 to 12/31/09	700,000	.9820
Total	700,000	.9820

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Item 6. Selected Financial Data.

Financial Highlights (for the years ending December 31,2009, 2008, 2007, and 2006)*

(Dollar amounts in 000 s, except for per share amounts)

	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006*
Total assets	$ 4,210,142	$ 2,356,533	$ 1,838,497	$ 1,361,819
Total gain (loss) on sales and distributions of silver	$ 22,817	$ (17,207)	$ 63,042	$ (4,287)
Net income (loss)	$ 574,523	$ (603,345)	$ 53,914	$ (191,169)
Weighted-average shares outstanding	277,269,041	196,716,940	137,510,959	90,168,627
Net income (loss) per share	$ 2.07	$ (3.07)	$ 0.39	$ (2.12)
Net cash flows	$	$	$	$

* For the period from April 21, 2006 (date of inception) to December 31, 2006.

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 the 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 forward-looking statements. Neither the Trust nor the Sponsor is under a duty to update any of the forward-looking statements to conform such statements to actual results or to a change in the Sponsor s expectations or predictions.

Introduction

The iShares® Silver Trust (the Trust) is a grantor trust formed under the laws of the State of New York. The Trust does not have any officers, directors, or employees, and is administered by The Bank of New York Mellon (the Trustee) acting as trustee pursuant to the Depositary Trust Agreement (Trust Agreement) between the Trustee and BlackRock Asset Management International Inc., the Sponsor of the Trust (the Sponsor) (formerly Barclays Global Investors International Inc.). 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 and responsible only to the Trustee.

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

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

Shares of the Trust trade on NYSE Arca under the symbol SLV.

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Valuation of Silver; Computation of Net Asset Value

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

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 Estimates

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements relies on estimates and assumptions that impact the Trust s financial position and results of operations. These estimates and assumptions affect the Trust s application of accounting policies. Below we describe the valuation of silver 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 our 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, an adjustment of value below cost (market value reserve) is recorded by the Trust and The London Fix is used as the value for financial statement purposes. Should the market value of the silver held increase subsequent to the market value reserve being recorded, a market value recovery is recorded by the Trust. 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 since it is commonly used by the U.S. silver market as an indicator of the value of silver, and is required by the Trust Agreement. The use of an indicator of 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.

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The following chart shows the daily London Fix Spot Settlement Prices for the period from December 2005 through December 2009:

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 date.

Net income for the year ended December 31, 2009 was $574,523,147, resulting from a market value recovery of $571,783,902, 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.

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The Year Ended December 31, 2008

The Trust s net asset value grew from $2,224,931,876 at December 31, 2007 to $2,355,597,515 at December 31, 2008, a 5.87% increase for the year. The increase in the Trust s net asset value resulted primarily from an increase in outstanding shares, which rose from 152,000,000 shares at December 31, 2007 to 221,250,000 shares at December 31, 2008, a consequence of 94,500,000 shares (1,890 Baskets) being created and 25,250,000 shares (505 Baskets) being redeemed during the year.

A negative change in The London Fix price, which fell 26.90% from $14.76 at December 31, 2007 to $10.79 at December 31, 2008, directly relates to the 27.25% decrease in the Trust s net asset value per share from $14.64 at December 31, 2007 to $10.65 at December 31, 2008.

The Trust s net asset value per share declined slightly more than the price of silver on a percentage basis due to Sponsor s fees, which were $14,354,147 for the year, or 0.50% of the Trust s average weighted assets of $2,862,625,898 during the year. The net asset value per share of $20.73 at March 17, 2008 was the highest during the year, compared with a low of $8.77 at October 24, 2008. The net asset value of the Trust is obtained by subtracting the Trust s expenses and liabilities on any day from the value of the silver owned by the Trust on that day; the net asset value per share is obtained by dividing the net asset value of the Trust on a given day by the number of shares outstanding on that date.

Net loss for the year ended December 31, 2008 was $603,345,403, resulting from a net gain of $1,618,858 on the sales of silver to pay expenses, offset by a net loss of $18,826,212 on silver distributed for the redemption of shares, Sponsor s fees of $14,354,147 and a market value reserve of $571,783,902. Other than the Sponsor s fees and market value reserve, the Trust had no expenses during the year ended December 31, 2008.

The Year Ended December 31, 2007

The Trust s net asset value grew from $1,562,120,000 at December 31, 2006 to $2,224,931,876 at December 31, 2007, a 42.43% increase for the year. The increase in the Trust s net asset value resulted primarily from an increase in outstanding shares, which rose from 121,500,000 shares at December 31, 2006 to 152,000,000 shares at December 31, 2007, a consequence of 62,500,000 shares (1,250 Baskets) being created and 32,000,000 shares (640 Baskets) being redeemed during the year.

A positive change in The London Fix price, which rose 14.42% from $12.90 at December 31, 2006 to $14.76 at December 31, 2007, directly relates to the 13.85% increase in the Trust s net asset value per share from $12.86 at December 31, 2006 to $14.64 at December 31, 2007.

The Trust s net asset value per share rose slightly less than the price of silver on a percentage basis due to Sponsor s fees, which were $9,128,449 for the year, or 0.50% of the Trust s average weighted assets of $1,827,938,546 during the year. The net asset value per share of $15.70 at November 7, 2007 was the highest during the year, compared with a low of $11.59 at August 21, 2007. The net asset value of the Trust is obtained by subtracting the Trust s expenses and liabilities on any day from the value of the silver owned by the Trust on that day; the net asset value per share is obtained by dividing the net asset value of the Trust on a given day by the number of shares outstanding on that date.

Net income for the year ended December 31, 2007 was $53,913,664, resulting from a net gain of $1,105,023 on the sales of silver to pay expenses and a net gain of $61,937,090 on silver distributed for the redemption of shares, offset by Sponsor s fees of $9,128,449. Other than the Sponsor s fees, the Trust had no expenses during the year ended December 31, 2007.

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

Not applicable.

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Item 8. Financial Statements and Supplementary Data.

Quarterly Income Statements

(Dollar amounts in 000 s, except for per share amounts)

	Three months ended (Unaudited) March 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009	Year ended Dec. 31, 2009
Revenues					
Proceeds from sales of silver to pay expenses	$ 3,295	$ 4,422	$ 5,001	$ 6,000	$ 18,718
Cost of silver sold to pay expenses	(3,573)	(4,323)	(4,690)	(4,710)	(17,296)
Gain (loss) on sales of silver to pay expenses	(278)	99	311	1,290	1,422
Gain (loss) on silver distributed for the redemption of shares	(334)	(277)	19,617	2,389	21,395
Total gain (loss) on sales and distributions of silver	(612)	(178)	19,928	3,679	22,817
Market value recovery (Note 2B)	532,914	38,870			571,784
Total revenues	532,302	38,692	19,928	3,679	594,601
Expenses					
Sponsor s fees	(3,808)	(4,659)	(5,196)	(6,415)	(20,078)
Total expenses	(3,808)	(4,659)	(5,196)	(6,415)	(20,078)
Net income (loss)	$ 528,494	$ 34,033	$ 14,732	$ (2,736)	$ 574,523
Net income (loss) per share (Note 2C)	$ 2.12	$ 0.12	$ 0.05	$ (0.01)	$ 2.07
Weighted-average shares outstanding (Note 2C)	249,623,333	276,922,527	285,969,565	295,955,978	277,269,041

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	Three months ended (Unaudited)				
	March 31, 2008	**June 30, 2008**	**Sept. 30, 2008**	**Dec. 31, 2008**	**Year ended Dec. 31, 2008**
Revenues					
Proceeds from sales of silver to pay expenses	$ 3,103	$ 4,162	$ 4,114	$ 2,934	$ 14,313
Cost of silver sold to pay expenses	(2,236)	(3,302)	(3,464)	(3,692)	(12,694)
Gain (loss) on sale of silver to pay expenses	867	860	650	(758)	1,619
Gain (loss) on silver distributed for the redemption of shares	7,965	10,879	2,748	(40,418)	(18,826)
Total gain (loss) on sales and distributions of silver	8,832	11,739	3,398	(41,176)	(17,207)
Expenses					
Sponsor s fees	(3,654)	(4,063)	(3,851)	(2,786)	(14,354)
Market value reserve (Note 2B)			(123,379)	(448,405)	(571,784)
Total expenses	(3,654)	(4,063)	(127,230)	(451,191)	(586,138)
Net income (loss)	$ 5,178	$ 7,676	$ (123,832)	$ (492,367)	$ (603,345)
Net income (loss) per share (Note 2C)	$ 0.03	$ 0.04	$ (0.60)	$ (2.24)	$ (3.07)
Weighted-average shares outstanding (Note 2C)	168,280,220	191,912,088	206,354,348	219,959,783	196,716,940

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 filing.

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, 2009.

Item 9A. Controls and Procedures.

The principal executive officer and principal financial officer of the Sponsor, with the participation of the Trustee, have evaluated the effectiveness of the registrant s disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act), and have concluded that the disclosure controls and procedures of the registrant were effective as of the end of the period covered by this annual report.

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

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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, 2009. 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, 2009.

The effectiveness of the Trust s internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited and reported on the financial statements included in this 10-K, as stated in their report which is included herein.

There were no changes in the registrant s internal control over financial reporting that occurred during the registrant s fourth fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant 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

The Sponsor has no knowledge of any person being the beneficial owner of more than five percent of the shares of the Trust or any arrangement which may subsequently result in a change in control of the Trust.

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, 2009 and 2008 were:

	2009	2008
Audit fees	$ 63,001	$ 63,700
Audit-related fees		
Tax fees		
All other fees		
	$ 63,001	$ 63,700

(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, 2009 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	Incorporated by reference to Exhibit 4.1 filed with Registration Statement No. 333-156506 on December 8, 2008
4.2	First Amendment to Depositary Trust Agreement	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	Incorporated by reference to Exhibit 4.2 filed with Registration Statement No. 333-156506 on December 30, 2008
10.1	Custodian Agreement	Incorporated by reference to Exhibit 10.1 filed with Registration Statement No. 333-156506 on December 30, 2008
10.2	Sub-license Agreement	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	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	Incorporated by reference to Exhibit 10.1 filed with Current Report on Form 8-K on February 10, 2010
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.	

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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, 2009 and 2008, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2009 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, 2009, 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 26, 2010

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iShares® Silver Trust

Balance Sheets

At December 31, 2009 and 2008

(Dollar amounts in 000 s)	**December 31, 2009**	**December 31, 2008**
ASSETS		
Current assets		
Silver bullion inventory (fair value of $5,185,449 and $2,356,533, respectively)	$ 4,210,142	$ 2,928,317
Market value reserve (Note 2B)		(571,784)
TOTAL ASSETS	$ 4,210,142	$ 2,356,533
LIABILITIES, REDEEMABLE CAPITAL SHARES AND SHAREHOLDERS EQUITY (DEFICIT)		
Current liabilities		
Sponsor s fees payable	$ 2,295	$ 935
Total liabilities	2,295	935
Commitments and contingent liabilities (Note 5)		
Redeemable capital shares, no par value, unlimited amount authorized (at redemption value) 310,700,000 issued and outstanding at December 31, 2009 and 221,250,000 issued and outstanding at December 31, 2008	5,183,154	2,355,598
Shareholders equity (deficit)	(975,307)	
TOTAL LIABILITIES, REDEEMABLE CAPITAL SHARES AND SHAREHOLDERS EQUITY (DEFICIT)	$ 4,210,142	$ 2,356,533

See notes to the financial statements.

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iShares® Silver Trust

Income Statements

For the years ended December 31, 2009, 2008 and 2007

(Dollar amounts in 000 s, except for per share amounts)	Years Ended December 31, 2009	2008	2007
Revenues			
Proceeds from sales of silver to pay expenses	$ 18,718	$ 14,313	$ 8,879
Cost of silver sold to pay expenses	(17,296)	(12,694)	(7,774)
Gain on sales of silver to pay expenses	1,422	1,619	1,105
Gain (loss) on silver distributed for the redemption of shares	21,395	(18,826)	61,937
Total gain (loss) on sales and distributions of silver	22,817	(17,207)	63,042
Market value recovery (Note 2B)	571,784		
Total revenues (losses)	594,601	(17,207)	63,042
Expenses			
Sponsor s fees	(20,078)	(14,354)	(9,128)
Market value reserve (Note 2B)		(571,784)	
Total expenses	(20,078)	(586,138)	(9,128)
NET INCOME (LOSS)	$ 574,523	$ (603,345)	$ 53,914
Net income (loss) per share	$ 2.07	$ (3.07)	$ 0.39
Weighted-average shares outstanding	277,269,041	196,716,940	137,510,959

See notes to the financial statements.

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iShares® Silver Trust

Statements of Changes in Shareholders Equity (Deficit)

For the years ended December 31, 2009, 2008 and 2007

	Years Ended December 31,		
(Dollar amounts in 000 s)	**2009**	**2008**	**2007**
Shareholders equity (deficit) - beginning of period	$	$ (387,329)	$ (200,946)
Net income (loss)	574,523	(603,345)	53,914
Adjustment of redeemable shares to redemption value	(1,549,830)	990,674	(240,297)
Shareholders equity (deficit) - end of period	$ (975,307)	$	$ (387,329)

See notes to the financial statements.

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iShares® Silver Trust

Statements of Cash Flows

For the years ended December 31, 2009, 2008 and 2007

	Years Ended December 31,		
(Dollar amounts in 000 s)	**2009**	**2008**	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Proceeds from sales of silver	$ 18,718	$ 14,313	$ 8,879
Expenses Sponsor s fee paid	(18,718)	(14,313)	(8,879)
Net cash provided by operating activities			
Increase (decrease) in cash			
Cash, beginning of period			
Cash, end of period	$	$	$
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income (loss)	$ 574,523	$ (603,345)	$ 53,914
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
(Gain) loss on silver distributed for the redemption of shares	(21,395)	18,826	(61,937)
Cost of silver sold to pay expenses	17,296	12,694	7,774
Increase in Sponsor s fees payable	1,360	41	249
Market value reserve (recovery) (Note 2B)	(571,784)	571,784	
Net cash provided by operating activities	$	$	$
Supplemental disclosure of non-cash information:			
Carrying value of silver received for creation of shares	$ 1,575,673	$ 1,438,131	$ 862,089
Carrying value of silver distributed for redemption of shares, at average cost	$ 276,552	$ (335,617)	$ (377,637)

See notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2009

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) and is responsible for the day to day administration of the Trust. On December 1, 2009, the previously announced acquisition of Barclays Global Investors International Inc. and certain of its affiliated companies by BlackRock, Inc. was consummated. In connection with this change of ownership, the name of Barclays Global Investors International Inc. was changed to BlackRock Asset Management International Inc. 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 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 Trust is designed to provide a vehicle for investors to own interests in silver bullion.

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. The policies are in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and these differences could be material.

B. *Silver Bullion*

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

For financial statement purposes, the silver 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 held be lower than its average cost during the interim periods of the same fiscal year, an adjustment of value below cost (market value reserve) is recorded by the Trust. Should the market value of the silver held increase subsequent to the market value reserve being recorded, a market value recovery is recorded by the Trust. 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 (The London Fix).

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The following table summarizes activity in silver bullion during the years ended December 31, 2009, 2008 and 2007 (all balances in 000 s):

December 31, 2009	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	218,399.7	$ 2,356,533	$ 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	
Market value recovery		571,784		
Ending balance	305,206.0	$ 4,210,142	$ 5,185,449	$ 22,817

December 31, 2008	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	150,801.2	$ 1,838,497	$ 2,225,826	
Silver contributed	93,510.3	1,438,131	1,438,131	
Silver distributed	(24,955.7)	(335,617)	(316,791)	$ (18,826)
Silver sold	(956.1)	(12,694)	(14,313)	1,619
Adjustment for realized loss			(17,207)	
Adjustment for unrealized loss on silver bullion			(959,113)	
Market value reserve		(571,784)		
Ending balance	218,399.7	$ 2,356,533	$ 2,356,533	$ (17,207)

December 31, 2007	Ounces	Average Cost	Fair Value	Realized Gain (Loss)
Beginning balance	121,144.6	$ 1,361,819	$ 1,562,765	
Silver contributed	62,107.7	862,089	862,089	
Silver distributed	(31,781.3)	(377,637)	(439,574)	$ 61,937
Silver sold	(669.8)	(7,774)	(8,879)	1,105
Adjustment for realized gain			63,042	
Adjustment for unrealized gain on silver bullion			186,383	
Ending balance	150,801.2	$ 1,838,497	$ 2,225,826	$ 63,042

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 processes (such broker-dealers are the Authorized Participants). Holders of shares of the Trust may redeem their shares at any time acting through an Authorized Participant and in the prescribed aggregations of 50,000 shares; *provided,* that redemptions of shares may be suspended during any period while regular trading on 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.

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

Activity in redeemable capital shares for the years ended December 31, 2009, 2008 and 2007 is as follows (all balances in 000 s):

	Year Ended December 31, 2009		Year Ended December 31, 2008		Year Ended December 31, 2007	
	Shares	Amount	Shares	Amount	Shares	Amount
Beginning balance	221,250	$ 2,355,598	152,000	$ 2,224,932	121,500	$ 1,562,120
Shares issued	110,550	1,575,673	94,500	1,438,131	62,500	862,089
Shares redeemed	(21,100)	(297,947)	(25,250)	(316,791)	(32,000)	(439,574)
Redemption value adjustment		1,549,830		(990,674)		240,297
Ending balance	310,700	$ 5,183,154	221,250	$ 2,355,598	152,000	$ 2,224,932

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 - Expenses

The Trust pays to the Sponsor a Sponsor s fee that accrues daily at an annualized rate equal to 0.50% of the adjusted daily net asset value of the Trust, paid monthly in arrears. The Sponsor has agreed to assume the following administrative and marketing expenses incurred by the Trust: the Trustee s 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.

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.

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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.

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 - Review for Subsequent Events

In connection with the preparation of the financial statements of the Trust as of and for the period ended December 31, 2009, 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
Chief Executive Officer
(Principal executive officer)
Date: February 26, 2010

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
Chief Executive Officer
(Principal executive officer)
Date: February 26, 2010

/s/ Geoffrey D. Flynn
Geoffrey D. Flynn
Chief Financial Officer
(Principal financial and accounting officer)
Date: February 26, 2010

* 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.