

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

CHAIRMAN'S OFFICE
M A I L E D

John Prince Thorndike, Chairman
RA-FAA, Inc.
3549 Voyager Court
Oceanside, California 92054

DEC 29 1981

Signed by: _____

Dear Mr. Thorndike:

Your October 4, 1981, mailgram to President Reagan has been referred to me for response. In your mailgram, you request the President's assistance in obtaining an official definition by the Securities and Exchange Commission of the term "day trade" and in obtaining a response from Commissioner John R. Evans, who you state agreed to review "the file" in your recently-concluded litigation with the Commission.

As we have indicated in prior correspondence, a "day trade" is a technical term used in the securities industry to describe a purchase and sale of a security on the same day. Although the Commission has not defined the term "day trade" by rule, it has explained the term on numerous occasions to you and representatives who have contacted the Commission on your behalf. For your information, I enclose correspondence from Arthur F. Burns (former Chairman) and Donald J. Winn of the Federal Reserve Board and a copy of Rule 431(d)(8) of the Rules of the New York Stock Exchange which describe the rules of the Federal Reserve Board and the New York Stock Exchange governing the extension of credit to accounts that engage in day trading. Additionally, as we have informed you in the past, any member of the public has the right to petition the Commission for the issuance of rules on matters within the Commission's jurisdiction. See 5 U.S.C. 553(e); 17 C.F.R. 201.4.

With respect to your recently-terminated litigation with the Commission, in which the Commission prevailed in the district court and before the United States Court of Appeals for the Ninth Circuit, Commissioner Evans did not agree to review the file. Rather, he referred you to Michael K. Wolensky, the Associate General Counsel responsible for directing the litigation for response to any questions concerning the litigation.

I trust this letter provides you with all the information that you will need concerning this matter.

Sincerely,

Linda D. Fienberg
Assistant General Counsel

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