

E TRADE FINANCIAL CORP  
 Form 4  
 September 24, 2009

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 CITADEL ADVISORS LLC

2. Issuer Name and Ticker or Trading Symbol  
 E TRADE FINANCIAL CORP  
 [ETFC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 09/22/2009

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O CITADEL INVESTMENT GROUP II, L.L.C., 131 S. DEARBORN ST., 32ND FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

CHICAGO, IL 60603

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock					47,848	D	(1)
Common Stock					289,145	D	(2)
Common Stock					45,454,545	D	(3)
Common Stock	09/22/2009		S		41,500,000	D	\$ 1.99 78,877,631 D (4)
	09/23/2009		M		41,499,032	A	120,376,663 D (4)

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Common Stock					\$				1.034
Common Stock	09/23/2009		S	26,500,000	D	\$ 1.9	93,876,663		D <sup>(4)</sup>
Common Stock	09/24/2009		M	43,498,066	A	\$ 1.034	137,374,729		D <sup>(4)</sup>
Common Stock	09/24/2009		S	17,000,000	D	\$ 1.74	120,374,729		D <sup>(4)</sup>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Class A Convertible Debentures due 2019	\$ 1.034	09/23/2009		M	42,910,000	08/25/2009 08/25/2019	Common Stock	4
Class A Convertible Debentures due 2019	\$ 1.034	09/24/2009		M	44,977,000	08/25/2009 08/25/2019	Common Stock	4

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CITADEL ADVISORS LLC C/O CITADEL INVESTMENT GROUP II, L.L.C. 131 S. DEARBORN ST., 32ND FLOOR CHICAGO, IL 60603	X			
CITADEL HOLDINGS I LP C/O CITADEL INVESTMENT GROUP II, L.L.C.	X			

131 S. DEARBORN ST., 32ND FLOOR  
CHICAGO, IL 60603

CITADEL HOLDINGS II LP  
C/O CITADEL INVESTMENT GROUP II, L.L.C. X  
131 S. DEARBORN ST., 32ND FLOOR  
CHICAGO, IL 60603

Citadel Derivatives Group, LLC  
C/O CITADEL INVESTMENT GROUP II, L.L.C. X  
131 S. DEARBORN ST., 32ND FLOOR  
CHICAGO, IL 60603

CITADEL DERIVATIVES TRADING LTD  
C/O CITADEL INVESTMENT GROUP II, L.L.C. X  
131 S. DEARBORN ST., 32ND FLOOR  
CHICAGO, IL 60603

CITADEL INVESTMENT GROUP II, L.L.C.  
131 S. DEARBORN ST., 32ND FLOOR X  
CHICAGO, IL 60603

## Signatures

/s/ John C. Nagel, Authorized Signatory 09/24/2009

\_\_Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) This security is owned by Citadel Derivatives Trading Ltd.
- (2) This security is owned by Citadel Securities LLC.
- (3) This security is owned by Wingate Capital Ltd.

This security is owned by Citadel Equity Fund Ltd. The price reported in Table I, Column 4 is the weighted average sale price of the shares sold on each day. The range of sale prices on 9/22/2009 was between \$1.91 and \$2.08 per share. The range of sale prices on 9/23/2009 was between \$1.83 and \$1.95 per share. The range of sale prices on 9/24/2009 was between \$1.70 and \$1.84 per share. Upon request by the SEC staff, the Issuer or a security holder of the Issuer, the Reporting Persons will supply the full information regarding the number of shares sold at each separate price.

- (5) The Class A Debentures were acquired from the Issuer in exchange for certain non-convertible 12.5% springing lien notes due 2017 and non-convertible 8% senior notes due 2011 on August 25, 2009 following approval of such transaction by the Board of Directors and stockholders of the Issuer.

### Remarks:

Each of the Reporting Persons expressly disclaims beneficial ownership of the securities described herein except to the extent of such person's pecuniary interest therein. Mr. Griffin serves as a director of the Issuer deputized by the Reporting Persons.

The Reporting Persons are addressing with the Issuer the application of Section 16(b) of the Securities Exchange Act of 1934, as amended, to the transactions reflected on this Form 4 and prior non-exempt transactions, if any.

A Form 4 is limited to a maximum of ten reporting persons. As a result, this Form 4 is one of two filed today reporting on

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the same securities by the following eleven joint filers: Citadel Limited Partnership, Citadel Investment Group, L.L.C., Citadel Equity Fund Ltd., Wingate Capital Ltd., Kenneth C. Griffin, Citadel Advisors LLC, Citadel Holdings I LP, Citadel Holdings II LP, Citadel Securities LLC, Citadel Derivatives Trading Ltd. and Citadel Investment Group II, L.L.C.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.