

E TRADE FINANCIAL CORP
 Form 4
 August 21, 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)
 08/19/2009

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 Ownership (Instr. 4)
				(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					120,377,631	D	(4)

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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 Underlying (Instr. 3 and 4)
					V	(A)	(D)	Date Exercisable	Expiration Date	
Class A Convertible Debentures due 2019	\$ 1.034	08/19/2009		A		1,029,670,000		08/25/2009	08/25/2019	Common Stock

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

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

X X

Signatures

/s/ John C. Nagel, Authorized
Signatory

08/21/2009

__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.
- (4) This security is owned by Citadel Equity Fund Ltd. ("CEF").

On August 19, 2009, at a special stockholder meeting, the stockholders of the Issuer approved, among other things, (1) an amendment to the Issuer's Certificate of Incorporation increasing the authorized shares of its Common Stock to four billion, and (2) the issuance of the consideration offered to holders of notes in the Debt Exchange. Stockholder approval of these proposals was the remaining condition for the completion of a debt exchange whereby the Issuer tendered for certain non-convertible notes issued by it (the "Debt Exchange"). The Debt Exchange is expected to close on August 25, 2009, at which time approximately \$800 million face amount of the non-convertible 12.5% springing lien notes due 2017 and approximately \$230 million face amount of the non-convertible 8% senior notes due owned by CEF and previously tendered will be exchanged for a like face amount of Class A Debentures.

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.

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 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 (f/k/a Citadel Derivatives Group 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.

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