### E TRADE FINANCIAL CORP

Form 4

October 07, 2009

# FORM 4

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**OMB** Number:

3235-0287

Expires:

January 31, 2005

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Estimated average burden hours per

**OMB APPROVAL** 

response...

if no longer subject to Section 16. Form 4 or Form 5

Check this box

**SECURITIES** obligations may continue.

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

See Instruction 1(b).

(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]

Issuer

(Check all applicable)

5. Relationship of Reporting Person(s) to

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year) 10/05/2009

\_X\_\_ Director

10% Owner Other (specify Officer (give title

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

(State)

(Street)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

CHICAGO, IL 60603

(City)

Form filed by One Reporting Person \_X\_ Form filed by More than One Reporting Person

(Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

		141	016 1 - 14011	-Derivative See	uiiics	Acquire	u, Disposeu oi, o	Denenciany	Owncu
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactic Code (Instr. 8)	4. Securities Acquired (A) or or Disposed of (D) (Instr. 3, 4 and 5)  (A) or Amount (D) Price			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)
Common Stock					( )		47,848	D (1)	
Common Stock							289,145	D (2)	
Common Stock							45,454,545	D (3)	
Common Stock	10/05/2009		S	8,060,172	D	\$ 1.73	112,310,535	D (4)	
	10/06/2009		M	8,059,961	A		120,370,496	D (4)	

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Common Stock					\$ 1.034		
Common Stock	10/06/2009	S	4,999,996	D	\$ 1.73	115,370,500	D (4)
Common Stock	10/07/2009	M	50,000,000	A	\$ 1.034	165,370,500	D (4)
Common Stock	10/07/2009	S	45,000,011	D	\$ 1.71	120,370,489	D (4)

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474

(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 orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Am Underlying Sec (Instr. 3 and 4)	
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title I	
Class A Convertible Debentures due 2019	\$ 1.034	10/06/2009		M		8,334,000	08/25/2009	08/25/2019	Common Stock	
Class A Convertible Debentures due 2019	\$ 1.034	10/07/2009		M		51,700,000	08/25/2009	08/25/2019	Common Stock	

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# **Reporting Owners**

Reporting Owner Name / Address	Ketationships					
	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					

Reporting Owners 2

X

X

X

X

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

CITADEL HOLDINGS II LP

C/O CITADEL INVESTMENT GROUP II, L.L.C.

131 S. DEARBORN ST., 32ND FLOOR

CHICAGO, IL 60603

Citadel Derivatives Group, LLC

C/O CITADEL INVESTMENT GROUP II, L.L.C.

131 S. DEARBORN ST., 32ND FLOOR

CHICAGO, IL 60603

CITADEL DERIVATIVES TRADING LTD

C/O CITADEL INVESTMENT GROUP II, L.L.C.

131 S. DEARBORN ST., 32ND FLOOR

CHICAGO, IL 60603

CITADEL INVESTMENT GROUP II, L.L.C.

131 S. DEARBORN ST., 32ND FLOOR

CHICAGO, IL 60603

# **Signatures**

/s/ John C. Nagel, Authorized Signatory

10/07/2009

\*\*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 10/05/2009 was between \$1.70 and \$1.75 per share. The range of sale prices on
- (4) 10/06/2009 was between \$1.70 and \$1.76 per share. The range of sale prices on 10/07/2009 was between \$1.68 and \$1.74 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.
- 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

Signatures 3

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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 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.