

E TRADE FINANCIAL CORP
 Form 4
 February 17, 2006

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 *
ELMER RUSSELL S

 (Last) (First) (Middle)
C/O E*TRADE FINANCIAL CORPORATION, 135 EAST 57TH STREET

 (Street)
NEW YORK, NY 10022

 (City) (State) (Zip)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
02/15/2006

5. Relationship of Reporting Person(s) to Issuer

 (Check all applicable)
 ___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
General Counsel & Corp. Sec.

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

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 Ownership (Instr. 4)
Common Stock	02/15/2006	02/15/2006	A	(A) Code V Amount <u>(1)</u> 16,406	\$ 23.77	0	D
Common Stock	02/15/2006	02/15/2006	A	(A) Code V Amount <u>(2)</u> 3,225	\$ 23.77	208,807	D

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)
Nonstatutory stock option (right to buy)	\$ 23.77	02/15/2006	02/15/2006	A	92,746	02/15/2007 ⁽³⁾ 02/15/2013	Common Stock
Nonstatutory stock option (right to buy)	\$ 23.77	02/15/2006	02/15/2006	A	18,232	02/15/2007 ⁽⁴⁾ 02/15/2013	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ELMER RUSSELL S C/O E*TRADE FINANCIAL CORPORATION 135 EAST 57TH STREET NEW YORK, NY 10022			General Counsel & Corp. Sec.	

Signatures

/s/ Russell S. Elmer 02/17/2006

**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) Grant of restricted stock issued pursuant to the E*TRADE Financial Corporation 2005 Equity Incentive Plan. The individual's right to retain these shares vests in four (4) equal annual installments beginning on the first anniversary date of the grant.
 - (2) Grant of restricted stock issued pursuant to the E*TRADE Financial Corporation 2005 Equity Incentive Plan. The individual's right to retain these shares vests in four (4) equal annual installments beginning on the first anniversary date of the grant; provided, however, that the individual's right to vest in some or all of the shares terminates immediately upon a determination by the Compensation Committee (ratified by the Board of Directors) that performance metrics for 2006 have not been met.
 - (3) Option granted pursuant to the E*TRADE Financial Corporation 2005 Equity Incentive Plan. This option becomes vested and exercisable in four (4) equal annual installments beginning on the first anniversary of the date of grant.
 - (4)

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Option granted pursuant to the E*TRADE Financial Corporation 2005 Equity Incentive Plan. This option becomes vested and exercisable in four (4) equal annual installments beginning on the first anniversary of the date of grant; provided, however, that the individual's right to vest in some or all of the options terminates immediately upon a determination by the Compensation Committee (ratified by the Board of Directors) that performance metrics for 2006 have not been met.

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.