

E TRADE FINANCIAL CORP
 Form 4
 October 15, 2008

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 L P

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)
 C/O CITADEL INVESTMENT GROUP, L.L.C., 131 S. DEARBORN STREET,
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 10/09/2008

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

CHICAGO, IL 60603
 (City) (State) (Zip)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 ___ Form filed by One Reporting Person
 ___X___ 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 Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	10/09/2008		X		600	A	\$ 20	556,093	D <u>(1)</u>
Common Stock	10/13/2008		J ⁽²⁾		79,867,087	D	\$ 0	0	D <u>(3)</u>
Common Stock	10/13/2008		J ⁽²⁾		79,867,087	A	\$ 0	88,812,336	D <u>(4)</u>
Common Stock								2,913	D <u>(5)</u>

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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 Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
PUT OPTION: EUSMD [OBLIGATION TO BUY] ⁽⁶⁾	\$ 20	10/09/2008		X	6	⁽⁷⁾ 01/17/2009	Common Stock	600	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CITADEL L P C/O CITADEL INVESTMENT GROUP, L.L.C. 131 S. DEARBORN STREET, 32ND FL CHICAGO, IL 60603		X		
CITADEL INVESTMENT GROUP LLC 131 S. DEARBORN STREET, 32ND FLOOR CHICAGO, IL 60603		X		
CITADEL EQUITY FUND LTD C/O CITADEL INVESTMENT GROUP II, L.L.C. 131 S. DEARBORN STREET, 32ND FLOOR CHICAGO, IL 60603		X		
CITADEL AC INVESTMENTS LTD C/O CITADEL INVESTMENT GROUP II, L.L.C. 131 S. DEARBORN STREET, 32ND FLOOR CHICAGO, IL 60603		X		

GRIFFIN KENNETH C
C/O CITADEL INVESTMENT GROUP II, L.L.C.
131 S. DEARBON STREET, 32ND FLOOR
CHICAGO, IL 60603

X

Signatures

/s/ John C. Nagel, Authorized
Signatory

10/14/2008

__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 Group LLC.
- (2) Citadel AC Investments Ltd. ("CAC"), a wholly-owned direct subsidiary of Citadel Equity Fund Ltd. ("CEF"), distributed as a dividend to CEF the 79,867,087 shares of Common Stock then owned by CAC.
- (3) This security was owned by Citadel AC Investments Ltd.
- (4) This security is owned by Citadel Equity Fund Ltd.
- (5) This security is owned by Citadel Derivatives Trading Group Ltd.
- (6) The symbol for this security was formerly "OYNMD."
- (7) The security listed is an exchange-traded option contract. Exchange-traded options are immediately exercisable and remain exercisable until expiration. The transaction shown resulted from the exercise of in-the-money option contract by a third party.

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.

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 Investment Group, L.L.C., Citadel Limited Partnership, Citadel Equity Fund Ltd., Citadel AC Investments Ltd., Kenneth Griffin, Citadel Investment Group II, L.L.C., Citadel Holdings I LP, Citadel Holdings II LP, Citadel Advisors LLC, Citadel Derivatives Group LLC and Citadel Derivatives Trading Ltd.

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.