

E TRADE FINANCIAL CORP
 Form 4
 March 11, 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 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)
 02/29/2008

___ Director ___X___ 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
 X 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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | | | |
| Common Stock | 02/29/2008 | | X | | 500 | A | \$ 10 704,676 | D | (1) |
| Common Stock | 02/29/2008 | | X | | 200 | A | \$ 11 109,113 | D | (2) |
| Common Stock | | | | | | | 79,867,087 | D | (3) |
| Common Stock | | | | | | | 8,945,249 | D | (4) |

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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.

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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: EUSPB [OBLIGATION TO PURCHASE] ⁽⁵⁾ | \$ 10 | 02/29/2008 | | X | 5 | <u>(5)</u> 04/19/2008 | Common Stock | 500 | |
| PUT OPTION: EUSPM [OBLIGATION TO PURCHASE] ⁽⁵⁾ | \$ 11 | 02/29/2008 | | X | 2 | <u>(5)</u> 04/19/2008 | Common Stock | 200 | |

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. 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

Citadel Derivatives Group, LLC
131 SOUTH DEARBORN STREET X
CHICAGO, IL 60603

CITADEL DERIVATIVES TRADING LTD
CITADEL INVESTMENT GROUP LLC X
131 S DEARBORN STREET 32ND FLOOR
CHICAGO, IL 60603

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

Signatures

/s/ John C. Nagel, Authorized Signatory 03/10/2008

__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) This security is owned by Citadel Derivatives Trading Group Ltd.
- (3) This security is owned by Citadel AC Investments, Ltd.
- (4) This security is owned by Citadel Equity Fund, Ltd.
- (5) Each of the securities listed is an exchange-traded option contract. Exchange-traded options are immediately exercisable and remain exercisable until expiration. The transactions shown resulted from the exercise of in-the-money option contracts.

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

See attached Exhibit 99.1.

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.