

Audette Matthew J
 Form 4
 February 14, 2011

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
 Audette Matthew J

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 E*TRADE FINANCIAL CORPORATION, 1271 AVENUE OF THE AMERICAS, 14TH FLOOR

3. Date of Earliest Transaction (Month/Day/Year)
 02/10/2011

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 CHIEF FINANCIAL OFFICER

(Street)
 NEW YORK, NY 10020

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

(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 or Price | | |
| Common Stock | 02/10/2011 | | A | | 7,622 <u>(1)</u> | A | \$ 0 89,163 D |
| Common Stock | 02/11/2011 | | F | | 3,546 <u>(2)</u> | D | \$ 17.77 85,617 D |

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

SEC 1474
 (9-02)

number.

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 (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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|--|--|---|-------------------------------|
| Common Stock | \$ 17.58 | 02/10/2011 | | A | 7,740 | ⁽³⁾ 02/10/2018 | Common Stock | 7,740 |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Audette Matthew J
C/O E*TRADE FINANCIAL CORPORATION
1271 AVENUE OF THE AMERICAS, 14TH
FLOOR
NEW YORK, NY 10020

CHIEF FINANCIAL
OFFICER

Signatures

/s/ Karl A. Roessner, Attorney-in-Fact for Matthew J.
Audette

02/14/2011

__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) Restricted stock unit award will vest over four years, with 25% vesting on February 10, 2012, 25% vesting on February 10, 2013, 25% vesting on February 10, 2014 and the remaining 25% vesting on February 10, 2015.
- (2) Shares reported were withheld for payment of taxes associated with the vesting of 1/3 of a grant of restricted stock originally made on February 11, 2007
- (3) Option grant will vest over four years, with 25% vesting on February 10, 2012, 25% vesting on February 10, 2013, 25% vesting on February 10, 2014 and the remaining 25% vesting on February 10, 2015.

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.