

GRIFFIN KENNETH C

Form 4

October 13, 2009

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(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)

3. Date of Earliest Transaction
(Month/Day/Year)
10/08/2009

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

C/O CITADEL INVESTMENT
GROUP LLC, 131 S. DEARBORN
STREET, 32ND FL

(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
☒ 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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------------|---|---|--------------------------------------|---|--|---|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | | | | | 47,848 | D <u>(1)</u> | |
| Common Stock | | | | | 289,145 | D <u>(2)</u> | |
| Common Stock | | | | | 45,454,545 | D <u>(3)</u> | |
| Common Stock | 10/08/2009 | | S | | 3,360,121 | D | \$ 1.71 117,010,368 D <u>(4)</u> |
| | 10/09/2009 | | M | | 3,359,767 | A | 120,370,135 D <u>(4)</u> |

| | | | | | | | | | |
|--------------|------------|---|-----------|---|----------|-------------|---|-----|-------|
| Common Stock | | | | | \$ | | | | 1.034 |
| Common Stock | 10/09/2009 | S | 1,739,900 | D | \$ 1.7 | 118,630,235 | D | (4) | |
| Common Stock | 10/13/2009 | M | 1,739,845 | A | \$ 1.034 | 120,370,080 | D | (4) | |

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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount |
| Class A Convertible Debentures due 2019 | \$ 1.034 | 10/09/2009 | | M | 3,474,000 | 08/25/2009 08/25/2019 | Common Stock 3, |
| Class A Convertible Debentures due 2019 | \$ 1.034 | 10/13/2009 | | M | 1,799,000 | 08/25/2009 08/25/2019 | Common Stock 1, |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| CITADEL L P C/O CITADEL INVESTMENT GROUP LLC 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 | X | | | |

C/O CITADEL INVESTMENT GROUP, L.L.C.
131 S. DEARBORN STREET, 32ND FLOOR
CHICAGO, IL 60603

WINGATE CAPITAL LTD

C/O CITADEL INVESTMENT GROUP, L.L.C. X
131 S. DEARBORN STREET, 32ND FLOOR
CHICAGO, IL 60603

GRIFFIN KENNETH C

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

Signatures

/s/ John C. Nagel, Authorized

10/13/2009

Signatory

__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.

(4) 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 10/08/2009 was between \$1.70 and \$1.72 per share. The range of sale prices on 10/09/2009 was between \$1.69 and \$1.71 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.

(5) 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 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 Securities LLC, 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.

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