

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
|--|-----------|
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| | | |
|---|---|---|
| 1. Name and Address of Reporting Person* <u>Dudley Gardner H</u> (Last) (First) (Middle) C/O LIQUIDITY SERVICES, INC. 1920 L STREET, N.W., 6TH FLOOR (Street) WASHINGTON DC 20036 (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>LIQUIDITY SERVICES INC [LQDT]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Pres, Capital Assets Group</u> |
| | 3. Date of Earliest Transaction (Month/Day/Year) <u>04/03/2017</u> | |
| | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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 Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|--------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 04/03/2017 | | J ⁽¹⁾ | | 6,073 | A | \$7.61 | 30,171 | D | |
| Common Stock | 04/03/2017 | | F ⁽²⁾ | | 2,104 | D | \$7.61 | 28,067 | D | |

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 Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|--|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | |
| Employee Stock Option | \$13.35 | | | | | | | (3) | 06/16/2020 | Common Stock | 3,188 | 3,188 | D | |
| Employee Stock Grant | \$15.47 | | | | | | | (4) | 11/30/2020 | Common Stock | 2,211 | 2,211 | D | |
| Employee Stock Grant | \$21.99 | | | | | | | (5) | 11/27/2023 | Common Stock | 416 | 416 | D | |
| Employee Stock Grant | \$21.99 | | | | | | | (4) | 11/27/2023 | Common Stock | 1,661 | 1,661 | D | |
| Employee Stock Option | \$21.99 | | | | | | | (6) | 11/27/2023 | Common Stock | 3,519 | 3,519 | D | |
| Employee Stock Option | \$21.99 | | | | | | | (7) | 11/27/2023 | Common Stock | 3,519 | 3,519 | D | |
| Employee Stock Grant | \$13.57 | | | | | | | (8) | 05/14/2024 | Common Stock | 5,527 | 5,527 | D | |
| Employee Stock Grant | \$12.57 | | | | | | | (9) | 10/27/2024 | Common Stock | 12,500 | 12,500 | D | |
| Employee Stock Grant | \$10.41 | 04/03/2017 | | J ⁽¹⁾ | | 6,073 | | (10) | 10/01/2024 | Common Stock | 24,291 | \$7.61 18,218 | D | |
| Employee Stock Option | \$10.41 | | | | | | | (11) | 10/01/2024 | Common Stock | 7,338 | 7,338 | D | |
| Employee Stock Grant | \$6.63 | | | | | | | (12) | 10/01/2025 | Common Stock | 15,386 | 15,386 | D | |

**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 Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|----------------------------|--|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Employee Stock Grant | \$5.11 | | | | | | | (4) | 10/01/2025 | Common Stock | 5,129 | | 5,129 | D | |
| Employee Stock Option | \$6.63 | | | | | | | (13) | 10/01/2025 | Common Stock | 11,245 | | 11,245 | D | |
| Employee Stock Option | \$6.63 | | | | | | | (7) | 10/01/2025 | Common Stock | 2,811 | | 2,811 | D | |
| Employee Stock Grant | \$8.3 | | | | | | | (14) | 10/01/2026 | Common Stock | 8,150 | | 8,150 | D | |
| Employee Stock Grant | \$8.3 | | | | | | | (4) | 10/01/2026 | Common Stock | 8,150 | | 8,150 | D | |
| Employee Stock Option | \$8.3 | | | | | | | (15) | 10/01/2026 | Common Stock | 4,850 | | 4,850 | D | |
| Employee Stock Option | \$8.3 | | | | | | | (7) | 10/01/2026 | Common Stock | 4,850 | | 4,850 | D | |

Explanation of Responses:

1. Represents the vesting of restricted stock.
2. Represents an advance election by the insider to satisfy tax withholding obligations related to vesting of restricted shares by authorizing the issuer to sell a number of shares with an aggregate fair market value that would satisfy the withholding amount due.
3. These options became fully vested on June 1, 2014.
4. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
5. Twenty-five percent of this restricted stock grant vested on October 1, 2014 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
6. Twenty-five percent of this option grant vested on October 1, 2014 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
7. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
8. Fifty percent of this restricted stock grant vested on November 1, 2015 and thereafter 1/4th of the restricted stock grant will vest on November 1 of each year for two years.
9. Twenty-five percent of this restricted stock grant vested on October 1, 2015 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
10. Twenty-five percent of this restricted stock grant vested on October 1, 2015 and thereafter 1/8th of the restricted stock grant will vest on April 1 and October 1 of each year for three years.
11. Twenty-five percent of this option grant vested on October 1, 2015 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
12. Twenty-five percent of this restricted stock grant vested on October 1, 2016 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
13. Twenty-five percent of this option grant vested on October 1, 2016 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
14. Twenty-five percent of this restricted stock grant will vest on April 1, 2018 and thereafter 1/4th of the restricted stock grant will vest on each of October 1, 2018, October 1, 2019, and October 1, 2020.
15. 18/48th of this option grant will vest on April 1, 2018 and thereafter 1/48th of the option grant will vest each month for thirty months.

Remarks:

/s/ Mark A. Shaffer, by power of attorney 04/05/2017

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* 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).

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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