

**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	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>Rallo James M</u>  (Last) (First) (Middle) <u>C/O LIQUIDITY SERVICES, INC.</u> <u>1920 L STREET, N.W., 6TH FLOOR</u>  (Street) <u>WASHINGTON DC 20036</u>  (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>President RSCG</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>10/06/2016</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	10/06/2016		S <sup>(21)</sup>		1,787	D	\$10.28	5,151	D	
Common Stock	10/07/2016		S <sup>(21)</sup>		2,144	D	\$10.06	3,007	D	
Common Stock	10/10/2016		S <sup>(21)</sup>		3,007	D	\$10.03	0	D	
Common Stock								15,039 <sup>(1)</sup>	I	By James M. Rallo 401k
Common Stock								8,000	I	By James M. Rallo IRA
Common Stock								685	I	By James M. Rallo Cust. Michael Rallo MD UTMA <sup>(2)</sup>
Common Stock								460	I	By James M. Rallo Cust. Melissa Rallo MD UTMA

**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	\$7.48							(3)	10/01/2018	Common Stock	2,338	2,338	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 Option	\$15.47							(4)	10/01/2020	Common Stock	6,678		6,678	D	
Employee Stock Grant	\$15.47							(5)	10/01/2020	Common Stock	5,527		5,527	D	
Employee Stock Option	\$31.37							(6)	10/01/2021	Common Stock	12,358		12,358	D	
Employee Stock Option	\$38.09							(7)	10/01/2022	Common Stock	3,335		3,335	D	
Employee Stock Grant	\$29.47							(8)	07/18/2023	Common Stock	3,054		3,054	D	
Employee Stock Option	\$29.47							(9)	07/18/2023	Common Stock	24,871		24,871	D	
Employee Stock Grant	\$21.99							(10)	10/01/2023	Common Stock	1,173		1,173	D	
Employee Stock Option	\$21.99							(11)	10/01/2023	Common Stock	9,938		9,938	D	
Employee Stock Grant	\$13.57							(12)	05/14/2024	Common Stock	22,108		22,108	D	
Employee Stock Grant	\$10.41							(13)	10/01/2024	Common Stock	30,867		30,867	D	
Employee Stock Grant	\$10.41							(14)	10/01/2024	Common Stock	15,434		15,434	D	
Employee Stock Option	\$10.41							(15)	10/01/2024	Common Stock	12,675		12,675	D	
Employee Stock Option	\$10.41							(16)	10/01/2024	Common Stock	3,169		3,169	D	
Employee Stock Grant	\$6.63							(17)	10/01/2025	Common Stock	19,140		19,140	D	
Employee Stock Grant	\$6.63							(18)	10/01/2025	Common Stock	6,380		6,380	D	
Employee Stock Option	\$6.63							(19)	10/01/2025	Common Stock	13,987		13,987	D	
Employee Stock Option	\$6.63							(20)	10/01/2025	Common Stock	3,497		3,497	D	

**Explanation of Responses:**

- The number of securities shown as being held in Issuer's 401(k) account for the Reporting Person's benefit is the approximate number of shares of common stock. De minimis fractional interests reported by the Issuer's 401(k) Plan trustee/administrator and held indirectly through the Plan's stock purchase account are not reflected.
- Mr. Rallo disclaims beneficial ownership of these shares.
- These options became fully vested on October 1, 2013.
- These options became fully vested on October 1, 2014.
- These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
- These options became fully vested on October 1, 2015.
- These options became fully vested on October 1, 2016.
- Twenty-five percent of this restricted stock grant vested on July 1, 2014 and thereafter 1/4th of the restricted stock grant will vest on July 1 of each year for three years.
- Twenty-five percent of this option grant vested on July 18, 2014 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
- 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.
- 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.
- 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.
- 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.
- These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
- 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.
- This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
- 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.

- 18. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
- 19. 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.
- 20. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
- 21. Represents reporting person's advance election to sell upon vesting such restricted shares

/s/ Mark A. Shaffer, by power      10/11/2016  
of attorney

\*\* 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.

**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 Number.**