

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
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>CLOUGH PHILLIP A</u> (Last) (First) (Middle) 400 EAST PRATT STREET, SUITE 910 (Street) BALTIMORE MD 21202-3116 (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) <input checked="" type="checkbox"/> Director 10% Owner <input type="checkbox"/> Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) 02/01/2011	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	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								1,326,690 ⁽¹⁾	I	See footnote ⁽²⁾
Common Stock								17,740	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	\$12.89							(3)	04/03/2016	Common Stock	20,000	20,000	D	
Employee Stock Option	\$14.75							(4)	10/02/2016	Common Stock	9,393	9,393	D	
Employee Stock Option	\$11.19							(5)	10/01/2017	Common Stock	8,560	8,560	D	
Employee Stock Option	\$11.66							(6)	06/03/2018	Common Stock	15,082	15,082	D	
Employee Stock Option	\$8.55							(7)	04/28/2019	Common Stock	21,086	21,086	D	
Employee Stock Option	\$10.7							(8)	02/01/2020	Common Stock	18,612	18,612	D	
Employee Stock Option	\$14.3	02/01/2011		A		15,012		(9)	02/01/2021	Common Stock	15,012	\$0	15,012	D
Restricted Stock Grant	\$14.3	02/01/2011		A		2,517		(10)	02/01/2021	Common Stock	2,517	\$0	2,517	D
Restricted Stock Grant	\$14.3	02/01/2011		A		2,098		(11)	02/01/2021	Common Stock	2,098	\$0	2,098	D

Explanation of Responses:

- Consists of the following shares held by the following entities: (a) 1,165,895 shares by ABS Capital Partners VI, LP ("ABS VI"), (b) 22,209 shares by ABS Capital Partners VI-A, LP ("ABS VI-A"), and (c) 138,586 shares by ABS Capital Partners Offshore, LP ("ABS Capital Partners VI Offshore," and together with ABS VI and ABS VI-A, the "ABS Entities"). ABS Partners VI, LLC is the general partner of the ABS Entities and has voting and dispositive powers over these shares. The address for these entities affiliated with ABS Capital Partners is 400 East Pratt Street, Suite 910, Baltimore, MD 21202-3116.
- Mr. Phillip Clough is a managing member of ABS Partners VI, LLC, the general partner of the ABS Entities. Mr. Clough disclaims beneficial ownership of these shares except to the extent of his pecuniary interest. The address for these entities affiliated with ABS Capital Partners is 400 East Pratt Street, Suite 910, Baltimore, MD 21202-3116.
- These options became fully vested on April 3, 2008.
- These options became fully vested on October 2, 2007.
- These options became fully vested on October 1, 2008.

6. These options became fully vested on April 29, 2009.
7. These options became fully vested on February 18, 2010.
8. These options became fully vested on February 1, 2011.
9. These options have a one-year vesting period such that 100% of this option grant will vest on February 1, 2012.
10. These restricted shares have a one-year vesting period such that 100% of this restricted share grant will vest on February 1, 2012.
11. These restricted shares have a one-year vesting period such that 100% of this restricted share grant will vest on February 1, 2012.

/s/ James E. Williams, by
power of attorney.

02/03/2011

** 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.