

**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>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) 10/06/2016	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

**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>(17)</sup>		881	D	\$10.28	23,417	D	
Common Stock	10/07/2016		S <sup>(17)</sup>		1,057	D	\$10.06	22,360	D	
Common Stock	10/10/2016		S <sup>(17)</sup>		1,482	D	\$10.03	20,878	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							(1)	06/16/2020	Common Stock	3,188	3,188	D	
Employee Stock Grant	\$15.47							(2)	11/30/2020	Common Stock	2,211	2,211	D	
Employee Stock Grant	\$21.99							(3)	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							(5)	11/27/2023	Common Stock	3,519	3,519	D	
Employee Stock Option	\$21.99							(6)	11/27/2023	Common Stock	3,519	3,519	D	
Employee Stock Grant	\$13.57							(7)	05/14/2024	Common Stock	11,054	11,054	D	
Employee Stock Grant	\$12.57							(8)	10/27/2024	Common Stock	12,500	12,500	D	
Employee Stock Grant	\$10.41							(9)	10/01/2024	Common Stock	24,291	24,291	D	
Employee Stock Grant	\$10.41							(10)	10/01/2024	Common Stock	12,146	12,146	D	
Employee Stock Option	\$10.41							(11)	10/01/2024	Common Stock	7,338	7,338	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					
Employee Stock Option	\$10.41							(12)	10/01/2024	Common Stock	1,834		D	
Employee Stock Grant	\$6.63							(13)	10/01/2025	Common Stock	15,386		D	
Employee Stock Grant	\$5.11							(14)	10/01/2025	Common Stock	5,129		D	
Employee Stock Option	\$6.63							(15)	10/01/2025	Common Stock	11,245		D	
Employee Stock Option	\$6.63							(16)	10/01/2025	Common Stock	2,811		D	

**Explanation of Responses:**

1. These options became fully vested on June 1, 2014.
2. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
3. 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.
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 option grant vested on October 1, 2014 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
6. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
7. 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.
8. 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.
9. 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.
10. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
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. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
13. 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.
14. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
15. 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.
16. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
17. Represents reporting person's advance election to sell to cover tax obligations upon vesting such restricted shares

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

\*\* 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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