

**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>Roy G Cayce</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 X Officer (give title below) Other (specify below) <u>Exec. VP/Pres. Asset Recovery</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>01/10/2012</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) X Form filed by One Reporting Person 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	01/10/2012		M		10,000	A	\$10.82	10,000	D	
Common Stock	01/10/2012		S <sup>(1)</sup>		10,000	D	\$39.82	0	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 Grant	\$31.11							(2)	10/01/2021	Common Stock	4,704	4,704	D	
Employee Stock Option	\$31.11							(3)	10/01/2021	Common Stock	7,806	7,806	D	
Employee Stock Grant	\$15.47							(4)	10/01/2020	Common Stock	6,525	6,525	D	
Employee Stock Option	\$15.47							(5)	10/01/2020	Common Stock	12,856	12,856	D	
Employee Stock Grant	\$15.47							(6)	10/01/2020	Common Stock	21,875	21,875	D	
Restricted Stock Grant	\$9.05							(7)	10/01/2019	Common Stock	4,711	4,711	D	
Employee Stock Option	\$9.05							(8)	10/01/2019	Common Stock	15,355	15,355	D	
Employee Stock Option	\$10.82							(9)	10/01/2019	Common Stock	320,000	320,000	D	
Employee Stock Option	\$10.82	01/10/2012		M		10,000		(10)	07/30/2015	Common Stock	162,611	\$10.82 152,611	D	

**Explanation of Responses:**

- The transactions reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on September 9, 2011.
- Twenty-five percent of this restricted stock grant will vest on October 1, 2012 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 will vest on October 1, 2012 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, 2011 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, 2011 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
- These restricted shares will vest, 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, 2010 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, 2010 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 Asset Recovery Division's achievement of certain financial milestones.

10. Twenty-five percent of this option grant vested on August 25, 2009 and thereafter 1/48th of the option grant will vest each month for thirty-six months.

/s/ James E. Williams, by power  
of attorney. 01/12/2012

\*\* 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.**