

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>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>04/01/2016</u> | |
| 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 | 04/01/2016 | | j ⁽²⁴⁾ | | 7,716 | A | \$5.13 | 7,716 | D | |
| Common Stock | 04/01/2016 | | s ⁽²⁵⁾ | | 7,716 | D | \$5.13 | 0 | D | |
| Common Stock | | | | | | | | 15,039 ⁽¹⁾ | 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 ⁽²⁾ |
| 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 | | Date Exercisable | Expiration Date | | | | | |
| Employee Stock Option | \$7.48 | | | | | | (3) | 10/01/2018 | Common Stock | | 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 | \$31.11 | | | | | | | (6) | 10/01/2021 | Common Stock | 12,358 | | 12,358 | D | |
| Employee Stock Grant | \$38.09 | | | | | | | (7) | 10/01/2022 | Common Stock | 1,251 | | 1,251 | D | |
| Employee Stock Option | \$38.09 | | | | | | | (8) | 10/01/2022 | Common Stock | 3,335 | | 3,335 | D | |
| Employee Stock Grant | \$29.47 | | | | | | | (9) | 07/18/2023 | Common Stock | 6,108 | | 6,108 | D | |
| Employee Stock Option | \$29.47 | | | | | | | (10) | 07/18/2023 | Common Stock | 24,871 | | 24,871 | D | |
| Employee Stock Grant | \$21.99 | | | | | | | (11) | 10/01/2023 | Common Stock | 2,346 | | 2,346 | D | |
| Employee Stock Grant | \$21.99 | | | | | | | (12) | 10/01/2023 | Common Stock | 4,691 | | 4,691 | D | |
| Employee Stock Option | \$21.99 | | | | | | | (13) | 10/01/2023 | Common Stock | 9,938 | | 9,938 | D | |
| Employee Stock Option | \$21.99 | | | | | | | (14) | 10/01/2023 | Common Stock | 9,938 | | 9,938 | D | |
| Employee Stock Grant | \$13.57 | | | | | | | (15) | 05/14/2024 | Common Stock | 22,108 | | 22,108 | D | |
| Employee Stock Grant | \$10.41 | 04/01/2016 | | J ⁽²⁴⁾ | | | 7,716 | (16) | 10/01/2024 | Common Stock | 46,300 | \$5.13 | 38,584 | D | |
| Employee Stock Grant | \$10.41 | | | | | | | (17) | 10/01/2024 | Common Stock | 15,434 | | 15,434 | D | |
| Employee Stock Option | \$10.41 | | | | | | | (18) | 10/01/2024 | Common Stock | 12,675 | | 12,675 | D | |
| Employee Stock Option | \$10.41 | | | | | | | (19) | 10/01/2024 | Common Stock | 3,169 | | 3,169 | D | |
| Employee Stock Grant | \$6.63 | | | | | | | (20) | 10/01/2025 | Common Stock | 25,520 | | 25,520 | D | |
| Employee Stock Grant | \$6.63 | | | | | | | (21) | 10/01/2025 | Common Stock | 6,380 | | 6,380 | D | |
| Employee Stock Option | \$6.63 | | | | | | | (22) | 10/01/2025 | Common Stock | 13,987 | | 13,987 | D | |
| Employee Stock Option | \$6.63 | | | | | | | (23) | 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.
- Twenty-five percent of this restricted stock grant vested on October 1, 2013 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, 2013 and thereafter 1/48th of the option grant will vest each month for thirty-six months.

9. 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.
10. 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.
11. 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.
12. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
13. 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.
14. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
15. 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.
16. 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.
17. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
18. 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.
19. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
20. Twenty-five percent of this restricted stock grant will vest on October 1, 2016 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
21. These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
22. Twenty-five percent of this option grant will vest on October 1, 2016 and thereafter 1/48th of the option grant will vest each month for thirty-six months.
23. This option becomes exercisable, if at all, based on the Issuer's achievement of certain financial milestones.
24. Represents the vesting of restricted stock.
25. Represents reporting person's advance election to sell upon vesting such restricted shares

/s/ Mark A. Shaffer, by power 04/05/2016
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.

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Mark A. Shaffer, Michael E. Sweeney and Jorge A. Celaya the undersigned's true and lawful attorneys-in-fact to:

- (1) execute for and on behalf of the undersigned Forms 3, 4 and 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934 and the rules thereunder;
- (2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete the execution of any such Form 3, 4, or 5 and the timely filing of such form with the United States Securities and Exchange Commission and any other authority; and
- (3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned.

The undersigned hereby grants to each such attorney-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary, and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorneys-in-fact, in serving in such capacity at the request of the undersigned, is not assuming any of the undersigned's responsibilities to comply with Section 16 of the Securities Exchange Act of 1934. This Power of Attorney can only be revoked by delivering a signed, original "Revocation of Power of Attorney" to the attorneys-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 31st day of March, 2016.

/s/ James M. Rallo

Name: James M. Rallo

Title: President, Retail Supply Chain Group
