

Williams James Edwin
 Form 4
 October 03, 2012

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Williams James Edwin

2. Issuer Name and Ticker or Trading Symbol
 LIQUIDITY SERVICES INC
 [LQDT]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 ___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
 VP, Gen. Counsel & Secretary

(Last) (First) (Middle)

C/O LIQUIDITY SERVICES, INC., 1920 L STREET, N.W., 6TH FLOOR

3. Date of Earliest Transaction (Month/Day/Year)
 10/02/2012

(Street)
 WASHINGTON, DC 20036

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ___ Form filed by More than One Reporting Person

(City) (State) (Zip)

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 Ownership (Instr. 4)
				(A) or (D)	Price		
			Code	V	Amount	(D)	Price
Common Stock	10/02/2012		S		4,530	D	\$ 46.65
					700	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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 Underlying Securities (Instr. 3 and 4)	8. Price or Value of Underlying Securities (Instr. 3 and 4)
Employee Stock Option	\$ 7.48					(1) 10/01/2018	Common Stock	2,813
Restricted Stock Grant	\$ 9.05					(2) 10/01/2019	Common Stock	1,945
Employee Stock Option	\$ 9.05					(3) 10/01/2019	Common Stock	8,620
Employee Stock Grant	\$ 15.47					(4) 10/01/2020	Common Stock	3,380
Employee Stock Option	\$ 15.47					(5) 10/01/2020	Common Stock	6,035
Employee Stock Grant	\$ 15.47					(6) 10/01/2020	Common Stock	3,277
Employee Stock Grant	\$ 31.11					(7) 10/01/2021	Common Stock	2,689
Employee Stock Option	\$ 31.11					(8) 10/01/2021	Common Stock	5,950

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Williams James Edwin C/O LIQUIDITY SERVICES, INC.			VP, Gen. Counsel & Secretary	

1920 L STREET, N.W., 6TH FLOOR
WASHINGTON, DC 20036

Signatures

/s/ James E.

10/03/2012

Williams

 Signature of
Reporting Person

Date

Explanation of Responses:

- * 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).
- (1) These options became fully vested on October 1, 2012.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) These restricted shares will vest, if at all, based on the Issuer's achievement of certain financial milestones.
- (7) Twenty-five percent of this restricted stock grant vested on October 1, 2012 and thereafter 1/4th of the restricted stock grant will vest on October 1 of each year for three years.
- (8) Twenty-five percent of this option grant vested on October 1, 2012 and thereafter 1/48th of the option grant will vest each month for thirty-six months.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.