

Rallo James M
Form 4
October 14, 2010

FORM 4

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

OMB APPROVAL

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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 *
Rallo James M

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
10/12/2010

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
CFO, Treasurer

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

(Street)

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

WASHINGTON, DC 20036

(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 Indirect Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	10/12/2010		M		25,000	A	\$ 7
Common Stock	10/12/2010		S ⁽¹⁾		25,000	D	\$ 16.05
Common Stock	10/13/2010		M		25,000	A	\$ 7
Common Stock	10/13/2010		S ⁽¹⁾		25,000	D	\$ 16.24
	10/14/2010		M		6,124	A	\$ 7

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Common
Stock

Common Stock 10/14/2010 M 18,876 A \$ 7.48 29,000 D

Common Stock 10/14/2010 S⁽¹⁾ 25,000 D \$ 16.74 4,000 D

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

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 control number.

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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 Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount of Number of Shares
Employee Stock Option	\$ 7	10/12/2010		M	25,000	<u>(2)</u> 10/28/2015	Common Stock 56,124
Employee Stock Option	\$ 7	10/13/2010		M	25,000	<u>(2)</u> 10/28/2015	Common Stock 31,124
Employee Stock Option	\$ 7	10/14/2010		M	6,124	<u>(2)</u> 10/28/2015	Common Stock 6,124
Employee Stock Option	\$ 12.89					<u>(3)</u> 03/30/2016	Common Stock 16,876
Employee Stock Option	\$ 10.93					<u>(4)</u> 10/01/2017	Common Stock 70,000
Employee Stock Option	\$ 7.48	10/14/2010		M	18,876	<u>(5)</u> 10/01/2018	Common Stock 140,000

