

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>Giles Mark T</u> (Last) (First) (Middle) 2020 AVON COURT, SUITE 4 (Street) CHARLOTTESVILLE VA 22902 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>Diffusion Pharmaceuticals Inc. [DFFN]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) 12/14/2016	
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	12/14/2016		J ⁽¹⁾		339,055	D	(1)	290,580	I	By PANDA Holdings, LLC ⁽²⁾
Common Stock	12/15/2016		P		512,109	A	(1)	512,109	I	By MTG Investment Holdings, LLC ⁽³⁾
Common Stock								4,407	I	By the VNB Trust IRA fbo Mark T. Giles

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)		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)					

Explanation of Responses:

- In connection with certain personal investment, financial and tax planning strategies, (i) on December 14, 2016, PANDA Holdings, LLC ("PANDA"), of which the Reporting Person is the managing member, assigned 339,055 shares of the Issuer's common stock to an affiliate of PANDA for aggregate consideration of \$1.00 and (ii) on December 15, 2016, such affiliate sold to MTG Investment Holdings, LLC ("MTGIH"), of which the Reporting Person is the sole member, 512,109 shares of the Issuer's common stock for aggregate consideration of \$1.00.
- The Reporting Person is the managing member of PANDA and may be deemed to be the beneficial owner of such securities. Mr. Giles disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.
- The Reporting Person is the sole member of MTGIH and may be deemed to be the beneficial owner of such securities. Mr. Giles disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

/s/ Ben Shealy, attorney-in-fact 12/16/2016
for Mark T. Giles

** 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.