

Schnell Lonnie D
 Form 4
 July 30, 2012

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 *
 Schnell Lonnie D

2. Issuer Name and Ticker or Trading Symbol
 TALON INTERNATIONAL, INC.
 [TALN]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 C/O TALON INTERNATIONAL, INC., 21900 BURBANK BLVD., SUITE 270

3. Date of Earliest Transaction (Month/Day/Year)
 07/30/2012

Director 10% Owner
 Officer (give title below) Other (specify below)
 C.E.O. and C.F.O.

(Street)
 WOODLAND HILLS, CA 91367

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)
				Code V Amount (A) or (D) Price			
Common Stock	07/30/2012		M	750,000 A	1,625,000	D	

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

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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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Stock Units	(1)	07/30/2012		M		750,000	(2) (2)	Common Stock	750,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Schnell Lonnie D C/O TALON INTERNATIONAL, INC. 21900 BURBANK BLVD., SUITE 270 WOODLAND HILLS, CA 91367	X		C.E.O. and C.F.O.	

Signatures

/s/ Lonnie D. Schnell 07/30/2012

__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).

Each restricted stock unit represents a contingent right to receive one share of Talon International, Inc. common stock. On July 30, 2012, (1) 750,000 of the reporting persons restricted stock units were settled for an equal number of shares of Talon International, Inc. common stock.

Vested with respect to 2,889,250 shares on Aug. 30, 2011 and vests with respect to 577,850 shares on each of Jan. 30, 2012, July 30, 2012, Jan. 30, 2013, July 30, 2013 and Jan. 30, 2014. Pursuant to a deferral election, the remaining shares will be delivered to the (2) reporting person as follows: 750,000 shares on Jan. 30, 2013; 1,000,000 shares on July 30, 2013; 1,000,000 shares on Jan. 30, 2014 and 1,528,400 shares July 30, 2014, in each case subject to continued vesting and earlier settlement in the event of a change of control or the death of the reporting person.

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.