

| OMB APPROVAL                                 |           |
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**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

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| 1. Name and Address of Reporting Person*<br><u>MCKENZIE W THORPE</u><br><br>(Last) (First) (Middle)<br>8201 EAST RIVERSIDE DRIVE<br>BUILDING 4, SUITE 100<br><br>(Street)<br>AUSTIN TX 78744<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>XBiotech Inc. [ XBIT ]</u> | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br><input checked="" type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner<br><br>Officer (give title below) Other (specify below) |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br>10/04/2018               |  |
|  | 4. If Amendment, Date of Original Filed (Month/Day/Year)                     | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><br>Form filed by More than One Reporting Person  |

**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                    | 10/04/2018                           |  | s                              |   | 385,000   | D          | \$3   | 3,398,600   | D  |   |
| Common Stock                    |                                      |  |                                |   |   |            |       | 11,500  | I  | Trust   |
| Common Stock                    |                                      |  |                                |   |   |            |       | 100,000   | I  | Foundation  |

**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:**

**Remarks:**

Effective June 29, 2018, W. Thorpe McKenzie (the "Reporting Person"), a Director of XBiotech, Inc. (the "Company"), adopted a stock trading plan (the "10b5-1 Plan"). For personal tax and financial planning purposes, Mr. McKenzie presently intends to sell up to approximately 15% of his total holdings in the Company in monthly installments, beginning on July 30, 2018 and which will terminate on or before February 28, 2019. The 10b5-1 Plan was adopted in accordance with guidelines specified by Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, and the Company's insider trading policies. Rule 10b5-1 permits corporate officers, directors and others to adopt written, pre-arranged stock trading plans when they are not in possession of material, non-public information. Using these plans, insiders may gradually diversify their investment portfolios and spread stock trades over a period of time regardless of any material, non-public information they may receive after adopting their plans. In accordance with Rule 10b5-1, Mr. McKenzie will have no discretion over the sales of his shares of common stock under the plan. As reflected in this Form 4, W. Thorpe McKenzie (the "Reporting Person") sold 385,000 shares of XBiotech Inc. common stock in a private transaction on October 4, 2018. The Reporting Person has terminated the 10B5-1 Plan that was put into effect on June 29, 2018.

/s/ Queena Han under Power of Attorney for W. Thorpe McKenzie 10/04/2018

\*\* 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.