

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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* <u>Watts Ryan J.</u>  (Last) (First) (Middle) C/O DENALI THERAPEUTICS INC. 161 OYSTER POINT BLVD.  (Street) SOUTH SAN FRANCISCO CA 94080  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>Denali Therapeutics Inc. [ DNLI ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <b>President and CEO</b>
	3. Date of Earliest Transaction (Month/Day/Year) 01/04/2021	
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	01/04/2021		S <sup>(1)</sup>		1,300	D	\$65.2062 <sup>(2)</sup>	2,410,012	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,700	D	\$66.6265 <sup>(4)</sup>	2,408,312	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,224	D	\$68.2612 <sup>(5)</sup>	2,407,088	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		9,900	D	\$70.0183 <sup>(6)</sup>	2,397,188	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		11,896	D	\$70.8204 <sup>(7)</sup>	2,385,292	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		8,683	D	\$71.7745 <sup>(8)</sup>	2,376,609	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		9,443	D	\$72.6307 <sup>(9)</sup>	2,367,166	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		7,322	D	\$73.7761 <sup>(10)</sup>	2,359,844	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,100	D	\$74.5164 <sup>(11)</sup>	2,358,744	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,620	D	\$76.0718 <sup>(12)</sup>	2,357,124	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,740	D	\$77.2876 <sup>(13)</sup>	2,355,384	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		9,482	D	\$78.412 <sup>(14)</sup>	2,345,902	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		4,208	D	\$79.5717 <sup>(15)</sup>	2,341,694	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,400	D	\$80.2457 <sup>(16)</sup>	2,340,294	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		7,539	D	\$81.6595 <sup>(17)</sup>	2,332,755	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		7,410	D	\$82.4393 <sup>(18)</sup>	2,325,345	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,225	D	\$83.4271 <sup>(19)</sup>	2,324,120	I	See footnote <sup>(3)</sup>
Common Stock	01/04/2021		S <sup>(1)</sup>		1,142	D	\$84.2421 <sup>(20)</sup>	2,322,978	I	See footnote <sup>(3)</sup>

**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)	4. Deemed Execution Date, if any (Month/Day/Year)	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 Securities Underlying or 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)
Restricted Stock Units	(21)	01/04/2021		60,000	(22)	Common Stock 60,000	\$0.00	60,000	D	
Stock Option (right to buy)	\$70.86	01/04/2021		180,000	(23)	Common Stock 180,000	\$0.00	180,000	D	

**Explanation of Responses:**

- The sales reported by the Reporting Person were effected pursuant to a Rule 10b5-1 trading plan.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$64.95 to \$65.59 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The shares are held of record by the Watts Family 2015 Trust dated July 7, 2015, for which the Reporting Person serves as trustee.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$66.32 to \$67.10 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$67.80 to \$68.65 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$69.29 to \$70.28 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$70.29 to \$71.28 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$71.30 to \$72.29 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$72.30 to \$73.27 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$73.30 to \$74.24 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$74.36 to \$75.34 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$75.56 to \$76.49 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$76.93 to \$77.90 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$77.94 to \$78.89 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$78.94 to \$79.91 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$79.99 to \$80.60 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$81.03 to \$82.02 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$82.03 to \$83.00 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$83.07 to \$84.01 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- The sale price reported in column 4 of Table I represents the weighted average sale price of the shares purchased ranging from \$84.16 to \$84.25 per share. Upon request by the Commission staff, the Issuer, or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares sold at each separate price.
- Each restricted stock unit represents a contingent right to receive one share of common stock of the Issuer.
- 25% of the restricted stock units shall vest on January 4, 2022 (the "Vesting Commencement Date") and an additional 25% of the restricted stock units shall vest on each annual anniversary of the Vesting Commencement Date thereafter, subject to the Reporting Person remaining a service provider of the Issuer through each such date.
- 25% of the shares subject to the option shall vest on January 4, 2022, and 1/48 of the shares subject to the option shall vest each month thereafter, subject to the Reporting Person remaining a service provider of the Issuer through each such date.

**Remarks:**

/s/ Tyler Nielsen, by power of attorney 01/06/2021

\*\* 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.

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