

COMMUNITY BANK SYSTEM, INC.

Form 4

May 16, 2014

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB  
Number: 3235-0287  
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2005  
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if no longer  
subject to  
Section 16.  
Form 4 or  
Form 5  
obligations  
may continue.  
See Instruction  
1(b).**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 \*  
STEELE SALLY A2. Issuer Name and Ticker or Trading  
Symbol  
COMMUNITY BANK SYSTEM,  
INC. [CBU]5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

(Last) (First) (Middle)  
773 STATE ROUTE 1001  
(Street)3. Date of Earliest Transaction  
(Month/Day/Year)  
05/15/2014☒ Director ☐ 10% Owner  
☐ Officer (give title below) ☐ Other (specify  
below)

TUNKHANNOCK, PA 18657

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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities<br>Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form: Direct<br>(D) or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
|                                       |                                         |                                                             | Code                                 | V Amount (D) Price                                                         |                                                                                                                    |                                                                      |                                                                   |

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.**SEC 1474  
(9-02)**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of<br>Derivative Security<br>(Instr. 3) | 2. Conversion<br>or Exercise | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any | 4. Transaction<br>Code | 5. Number of<br>Derivative<br>Securities | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount<br>Underlying Securities<br>(Instr. 3 and 4) |
|--------------------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------|
|--------------------------------------------------|------------------------------|-----------------------------------------|-----------------------------------------|------------------------|------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------|

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| Price of<br>Derivative<br>Security       | (Month/Day/Year)      | (Instr. 8) | Acquired (A) or<br>Disposed of (D)<br>(Instr. 3, 4, and<br>5) |  | Date<br>Exercisable | Expiration<br>Date | Title           | Amount<br>Number<br>Shares |
|------------------------------------------|-----------------------|------------|---------------------------------------------------------------|--|---------------------|--------------------|-----------------|----------------------------|
|                                          |                       |            |                                                               |  |                     |                    |                 |                            |
| Phantom Stock<br>(Deferred Compensation) | <u>(1)</u> 05/15/2014 | A          | 98.5638                                                       |  | <u>(1)</u>          | <u>(1)</u>         | Common<br>Stock | 98.5                       |

## Reporting Owners

| Reporting Owner Name / Address                                  | Relationships |           |         |       |
|-----------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                                 | Director      | 10% Owner | Officer | Other |
| STEELE SALLY A<br>773 STATE ROUTE 1001<br>TUNKHANNOCK, PA 18657 |               | X         |         |       |

## Signatures

/s/ Danielle M. Cima, pursuant to a Confirming Statement executed by Sally A. Steele

05/16/2014

                    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 unit of phantom stock is the economic equivalent of one share of Community Bank System, Inc. common stock. The units of

- (1) phantom stock relating to the Deferred Compensation Plan will be settled in Community Bank System, Inc. common stock at future dates selected by the reporting person.
- (2) Includes 185.9801 units of phantom stock acquired on April 10, 2014 under the Deferred Compensation Plan's dividend reinvestment feature.

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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