

COMMUNITY BANK SYSTEM, INC.

Form 4

March 16, 2017

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box 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 \*  
**MICHAEL R KALLET**

(Last) (First) (Middle)

**C/O COMMUNITY BANK SYSTEM, INC., 5790 WIDEWATERS PARKWAY**

(Street)

**DEWITT, NY 13214**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**COMMUNITY BANK SYSTEM, INC. [CBU]**

3. Date of Earliest Transaction (Month/Day/Year)  
**03/15/2017**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 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)
Common Stock				(A) or (D)	21,603	D	
Common Stock				V	8,759	I	By Wife
Common Stock					66,802.639 (1)	I	By Community Bank System, Inc. 401(k) Plan (2)

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Common Stock	5,606	I	By Trust under Will
Common Stock	1,988	I	By IRA

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)

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)	8. Price of Derivative Security (Instr. 5)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock (Deferred Stock Units)	(3)	03/15/2017		A	553	(3) (3)	Common Stock	553	\$ 0	

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

MICHAEL R KALLET  
C/O COMMUNITY BANK SYSTEM, INC.  
5790 WIDEWATERS PARKWAY  
DEWITT, NY 13214 X

## Signatures

Danielle M. Cima, pursuant to a Confirming Statement executed by Michael R. Kallet

03/16/2017

\*\*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).
- (1) Includes 6,208.0662 shares acquired pursuant to the 401(k) Plan's dividend reinvestment feature.
- (2) The Oneida Financial Corp. Employee Stock Ownership Plan and the Oneida Financial Corp. 401(k) Plan were merged with the Community Bank System, Inc. 401(k) Plan.

- The reporting person has received deferred stock units under the Community Bank System, Inc. 2014 Long-Term Incentive Plan. Each
- (3) phantom stock unit which represents a deferred stock unit is the economic equivalent of one share of Community Bank System, Inc. common stock and will be settled in common stock at a predetermined date.

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.