

COMMUNITY BANK SYSTEM, INC.

Form 4

October 28, 2013

FORM 4

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

OMB APPROVAL

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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 *
Parente John

2. 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)
478 SCHOOLHOUSE ROAD
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
10/25/2013

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

TUNKHANNOCK, PA 18657

(City) (State) (Zip)

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

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 (D) Price | | | |
| Common Stock | 10/25/2013 | | M | 3,850 A \$ 27.36 | 57,133 | D | |
| Common Stock | 10/25/2013 | | S | 3,850 D \$ 36.7221 (1) | 53,283 | D | |
| Common Stock | | | | | 18,000 | I | By son, John K. Parente Trust U/A 6/15/96 |
| | | | | | 19,000 | I | |

| | | | | | | |
|--------------|--|--|--|--------|---|---|
| Common Stock | | | | | | By son, Louis C. Parente Trust U/A 3/29/01 |
| Common Stock | | | | 15,500 | I | By son, Samuel M. Parente Trust U/A 6/16/98 |

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 Security (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------|--------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount |
| Stock Option | \$ 27.36 | 10/25/2013 | | M | 3,850 | 01/19/2011 01/19/2021 | Common Stock | | |
| Phantom Stock (Deferred Compensation) | (2) | | | | | (2) (2) | Common Stock | | 2,3 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Parente John 478 SCHOOLHOUSE ROAD TUNKHANNOCK, PA 18657 | X | | | |

Signatures

/s/ Danielle M. Cima, pursuant to a Confirming Statement executed by John Parente

10/28/2013

__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) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$36.70 to \$36.75, inclusive. The reporting person undertakes to provide Community Bank System, Inc., any security holder of Community Bank System, Inc. or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.
- (2) Each unit of phantom stock is the economic equivalent of one share of Community Bank System, Inc. common stock. The units of 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.
- (3) Includes 20.5849, 19.0192, and 18.6594 units of phantom stock acquired on April 10, 2013, July 10, 2013, and October 10, 2013, respectively, 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. 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.