

COMMUNITY BANK SYSTEM, INC.

Form 4

March 20, 2015

**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 \*  
**ACE BRIAN R**

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)

3. Date of Earliest Transaction (Month/Day/Year)  
**12/31/2014**

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

**R.R. #1, BOX 1550**

(Street)

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

**LACEYVILLE, PA 18623**

(City) (State) (Zip)

**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	12/31/2014		J <sup>(1)</sup>		17,635.298 <sup>(2)</sup>	D	\$ 0 0	By Laceyville Hardware Sep
Common Stock	12/31/2014		J		17,635.298	A	\$ 0 46,049.3169 <sup>(3)</sup>	
Common Stock					125.839 <sup>(4)</sup>	I		By Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Phantom Stock (Deferred Stock Units)	(5)	03/18/2015		A	850	(5) (5)		Common Stock	850
Phantom Stock (Deferred Compensation)	(6)					(6) (6)		Common Stock	24,725.8
Phantom Stock (Stock Balance Plan)	(8)					(8) (8)		Common Stock	3,063.2

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ACE BRIAN R R.R. #1, BOX 1550 LACEYVILLE, PA 18623		X		

## Signatures

/s/ Danielle M. Cima, pursuant to a Confirming Statement executed by Brian R. Ace

03/20/2015

\_\_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) Distribution from the Laceyville Hardware SEP into the reporting person's SEP IRA.

(2) Includes 678.298 shares acquired in 2014 under the Community Bank System, Inc. Dividend Reinvestment Plan.

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- (3) Includes 186.404 shares acquired in 2014 under the Community Bank System, Inc. Dividend Reinvestment Plan.
- (4) Includes 4.839 shares acquired in 2014 under the Community Bank System, Inc. Dividend Reinvestment Plan.

The reporting person has received deferred stock units under the Community Bank System, Inc. 2014 Long-Term Incentive Plan. Each 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.

- (6) 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.
- (7) Includes 227.8895 units acquired on January 9, 2015 pursuant to the Deferred Compensation Plan's dividend reinvestment feature.

Each phantom stock unit is the economic equivalent of one share of Community Bank System, Inc. common stock. Phantom Stock (Stock Balance Plan) may be settled upon the later of the reporting person's attainment of age 55 or termination of service on Community Bank System, Inc.'s Board of Directors.

- (9) Includes 90.44 units of phantom stock acquired in 2014 under the Stock Balance 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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