

MICHAEL R KALLET
 Form 4
 March 22, 2018

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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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

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)
 12/21/2017

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

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

(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

DEWITT, NY 13214

(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	12/21/2017		W	V 5,366 A \$ 0	9,469	D	
Common Stock					68,403.7287 (1)	I	By Community Bank System, Inc. 401(k) Plan
Common Stock					5,606	I	By Trust under Will

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Common Stock	8,759	I	By Wife
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)	Amount or Number of Shares
Phantom Stock (Deferred Stock Units)	(2)	03/20/2018		A	611	(2) (2)	Common Stock	611
Phantom Stock (Deferred Compensation)	(3)					(3) (3)	Common Stock	2,400.00

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 03/22/2018

__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 number of shares reported herein were acquired pursuant to the Community Bank System, Inc. 401(K) Plan and are based on a current plan statement.

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.

(3) 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.

(4) Includes 22.0809 units of phantom stock acquired on January 10, 2018 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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