

Kingsley Scott Allen
 Form 4
 January 22, 2010

FORM 4

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

OMB APPROVAL

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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 *
 Kingsley Scott Allen

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 ___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
 Chief Financial Officer

(Last) (First) (Middle)
 8365 GLEN EAGLE DRIVE
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 01/20/2010

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

MANLIUS, NY 13104
 (City) (State) (Zip)

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	01/20/2010		A		1,894	A	\$ 0
Common Stock					592.6568	I	
							By 401(k) Plan

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

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 (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
Stock Option	\$ 17.82	01/20/2010		A	17,606	01/20/2010 04/22/2019	Common Stock	17,606
Stock Option	\$ 19.48	01/20/2010		A	6,671	⁽²⁾ 01/20/2020	Common Stock	6,671
Stock Option	\$ 22.94	01/20/2010		D	2,098	01/17/2010 01/17/2017	Common Stock	2,098

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Kingsley Scott Allen 8365 GLEN EAGLE DRIVE MANLIUS, NY 13104			Chief Financial Officer	

Signatures

/s/ Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney for Scott A. Kingsley 01/22/2010

**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).
- On April 22, 2009, the reporting person was granted an option to purchase 17,606 shares of common stock at the fair market value on the
- (1) date of grant subject to the achievement of predetermined performance criteria. The option vested on January 20, 2010 upon the determination that the performance criteria was satisfied.
 - (2) The options vest in five equal installments on January 20, 2011, 2012, 2013, 2014 and 2015.
 - (3) Represents the cancellation of 2,098 shares of the January 2007 performance option based on the determination that the performance criteria was not fully satisfied. The reporting person did not receive any consideration in connection with the cancellation.

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.