

Securities and Exchange Commission (SEC) Share Class Selection Disclosure Initiative

In 2018, Summit Financial Group, Inc. (“the Firm”) elected to participate in the Securities and Exchange Commission’s Mutual Fund Share Class Selection Disclosure Initiative (“SCSD Initiative”). The SCSD Initiative provided the opportunity for firms to voluntarily self-report to the SEC’s Division of Enforcement possible securities law violations related to the adequacy of their disclosures concerning mutual fund share class selection and fees received pursuant to Rule 12b-1 under the Investment Company Act of 1940. As part of the SCSD Initiative, the Firm conducted a thorough review of disclosures and activities related to mutual fund share class selection within its advisory programs from January 2014 to April 2018.

At the conclusion thereof, the Firm consented to a settlement agreement finding alleged violations of Sections 206(2) and Section 207 of the Investment Advisers Act of 1940 and entry of an order under which the Firm was censured, agreed to cease and desist from committing further alleged violations, and agreed to pay disgorgement of \$932,223.80 and pre-judgment interest of \$100,478.98. The SEC did not impose a fine or civil penalty based on our self-reporting action.

In addition, under the settlement the Firm agreed to distribute the full amount of disgorgement and pre-judgment interest to affected clients. These refunds will be distributed to eligible current and former advisory clients, with the exception of de minimis refunds, in the third quarter of 2019. “De minimis refunds” refers to refunds of 12b-1 fees paid by accounts that are now closed and no longer maintain a relationship with Summit Financial Group, Inc., when the amount of the 12b-1 fees to be refunded, plus interest, is less than \$10.

To view the order in its entirety, visit <https://www.sec.gov/litigation/admin/2019/ia-5168.pdf>.