

July 9, 2020

Dear Members,

Our commitment to share information with you, as per our Four-Point Action Plan regarding the wind-up of Pace Securities Corp. (PSC), remains firm. Every day, we collect questions from your emails, calls and our employees and work to find you timely answers.

One of the issues we heard from you is the need to move member care around the wind-up from Ernst & Young (EY) to our own Contact Centre. To that end, we have requested that EY transfer the PSC member files to us immediately so we can answer your questions and source your documentation ourselves. By Monday, we should be ready to respond to your needs with the care and attention that our members deserve. Email us at [membersmatter@pacecu.com](mailto:membersmatter@pacecu.com) or call the Contact Centre.

Monday - Friday	8:00 am to 8:00 pm
Saturday	8:00 am to 2:00 pm
Call Us:	1 877 588 7223
Local Number:	647 417 1515

Yes, we are going slowly – and carefully – to ensure that not one member or account is overlooked. Yes, progress is happening!

## **Updates:**

### **1. Orderly Wind-up Proceedings**

*Job 1 - EY moving accounts to a new brokerage - is nearly complete.*

EY sent notices dated June 22 advising that your registered investment advisors will be contacting you shortly about completing the transfer of your account to a new dealer.

This still leaves you with another option if you do not wish to work with your previous investment advisor. You can request a new advisor at any investment dealer by interviewing an Investment Advisor, selecting one that understands your risk profile and needs, and then your new advisor can facilitate the transfer of your account to that firm, on your behalf.

*Job 2 - Valuing Shares - mixed results*

If you hold preferred shares from Pace Financial Limited (PFL) and/or First Hamilton Holdings (FHH), we are not sure that these preferred shares will recover their value. EY still has to value the PFL shares and work with the company winding up FHH to value those shares.

For those members holding investments in other retail products (many of you) that have been negatively impacted by the recent pandemic, these investments may recover in value, like other investments, as the markets recover (e.g., a RRSP holding mutual funds which are a retail product).

## 2. Compliance Review

Fasken has begun the Compliance Review and their report will be completed before the end of August. Thank you to everyone who volunteered to share their stories!

Fasken is preparing a questionnaire regarding the circumstances of your investment(s) in preferred shares of PFL and/or FHH. Fasken will contact select members by end of July/early August to discuss responses in detail. Watch for the survey in your inbox (email) early next week!

As a reminder, the Compliance Review will cover:

- Analysis of Attributes of the Product Offered
  - What exactly was sold?
- Confirm who Sold the Product
  - By whom was it sold?
- Sample Review of Member Accounts
  - To whom was it sold?
- “Know Your Customer” Review and Best Practices
  - Did it match our members’ risk tolerance?
- Review of Carrying Broker Arrangements
  - Who had oversight?

## 3. Member Support and Recovery Program

We have also heard your feedback that, while you fully support ongoing education and commitment for the community at large for financial literacy, your pressing question is: What will the Recovery Fund look like and how much will it help?

Employing the conclusions of the Compliance Review, we at PCU will pursue *all* possible options to create a recovery fund. We are making sure to be ready to access every avenue the Compliance Review points us toward. It is worth restating that we know we have an ethical obligation to help our impacted members with every means at our disposal.

Along the way, we are helping - on a case-by-case basis - members who are at risk due to health or limited financial needs to access emergency funding mechanisms. You are our members, our community and our future; our new leadership is listening and working 7 days a week to find interim solutions.

## 4. Ongoing Commitment to Transparent Communications

All members are able to view information on our PCU [website](#) regarding our progress. We will continue to update you every two weeks unless we have new information sooner.

Our Contact Centre is always ready to take your calls and our Branch teams are happy to speak with you. Your deposits continue to be secure and your financial needs continue to be served. PACE Credit Union is here to stay.

We are working to uncomplicate and communicate; contact us at any time.

Sincerely,

Barbara Dirks  
President & CEO, PACE Credit Union