



June 11, 2020

Dear Members,

Following our update to you on May 15, 2020 and our commitment that our credit union is and should be accountable and transparent in everything it does, we are sharing our action plan regarding the wind-up of Pace Securities Corp. (PSC).

While court-appointed Liquidator Ernst & Young Inc. (EY) is responsible for the active closing of PSC, Pace Credit Union and our new leadership team feel we must also do our part to support our members and employees. The wind-up decision was carefully considered over a number of months prior to the announcement; we recognize it is a complex and time-consuming effort but, overall, is moving ahead.

PACE Credit Union's Four-Point Action Plan

While we look to the future, we want to learn from the mistakes of the past— and ensure they do not happen again. We are committed to making the changes our members expect and deserve.

As a first step, along with my team, I have been reaching out directly to impacted members to provide information and support.

We also want every member to have certainty that our new leadership team and PACE Credit Union are accountable and open in our business banking operations, and always intent on acting in your best interests.

With the full support of the new PCU Board of Directors, over the next few weeks we commit to the following actions:

1. Orderly Wind-up Proceedings

We will continue to actively participate with all parties overseeing the orderly wind-up of PSC, including working with regulators and EY, to have the least disruptive transition of members' accounts and with as much communication as required.

EY is working diligently to facilitate the transfer of all PSC accounts to a new investment broker as quickly as possible. While the process is complicated and time consuming, EY is teaming with Laurentian Bank Securities and the regulator to expedite the transfers.

You will be contacted to make the necessary arrangements to have your account(s) transferred. Once your new account is ready and the transfer is requested, Laurentian Bank will move of your assets (except as noted* below) to the new broker.

* If you hold preferred shares and/or warrants in Pace Financial Limited (PFL) and/or First Hamilton Holdings (FHH), these investments will not be transferred. Instead, EY will hold these investments in trust on your behalf until those investments are also valued.

EY expects to send an update to all PSC customers by the end of June 2020 regarding the account transfer and the share valuation process.



2. Compliance Review with a Report to Members

We are launching a Compliance Review to be led by independent, external legal counsel, accountable directly to Terri O'Brien, Chief Risk Officer, Pace Credit Union.

The review will examine what can be learned from the enrollment process, which led members to invest in products sold by PSC. It will focus on ensuring future sales practices are always in our members' best interests, with appropriate accountabilities at all times, measuring actions against published ["Best Practices" of Know Your Client and Suitability compliance regulations](#).

A summary of relevant findings will be presented to all PACE Credit Union members at a town hall event later in 2020.

3. Member Support and Recovery Program

To support the financial recovery of our affected members, we will:

- Establish a partnership with an accredited third-party organization to provide financial advisory services which support our members in their wealth management needs;
- Explore creating a recovery fund to provide some interim financial relief to those who have experienced undue hardship as a result of financial loss. Details on this fund and how to apply will be announced at a later date;
- Continue to engage affected members in dialogue to understand the impact on them, and then determine fair, responsible, and innovative things we can do to help; and
- Donate to community-based financial literacy efforts, to further support our communities.

More information will be shared as these programs are begun.

4. Ongoing Commitment to Transparent Communications

We are deeply troubled by any financial losses suffered by members. We also recognize that the ongoing wind-up may be contributing to this challenging time for our impacted members. We will continue direct outreach as information is made available.

All members are able to view continuously updated information on our PCU [website](#) regarding our progress.

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In April 2020, the Financial Services Regulatory Authority of Ontario (FSRA) began the process of handing control back to PACE Credit Union members and the newly elected Board of Directors. PCU's new management team was brought on, including myself on April 6th. Together our team has begun charting a new course; a sustainable future focused on building a strong culture of member protection, effective compliance and open communication and collaboration.

PCU members deserve more than a bank; they deserve a community that operates for them. While we still have a long road ahead, it is our hope that this action plan provides meaningful support to affected members.

Remember, 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