

PSC Affected Members Update #5

July 27, 2020

Dear Members,

We are progressing well on the Four Point Plan. While the final steps will take us through the fall, we are taking your suggestions and concerns and finding answers. If you wish to read this - or any of the other updates - online, click [HERE](#) to go to our website.

Summary:

- Member care moved from Ernst & Young (EY) to our own Contact Centre by member request. - *complete*
- Moving your accounts to a new dealer. - *ongoing*
- EY valuation of PFL and FHH shares. - *ongoing*
- [Fasken](#), one of Canada's leading law firms, signed to run the Compliance Review - *ongoing*
- Fasken member survey sent via email July 13, 2020 - *complete*

In our ongoing attempt as the new management team to demonstrate that we put members first, we are working to ensure you have appropriate representation at all the discussions.

Member Care moved from EY to PCU Contact Centre – call us first!

We heard you and we have secured access to all your PSC statements. We have set up a dedicated member support team to assist you in transitioning the accounts and will be reaching out to facilitate transitions.

Our Contact Centre is willing and able to answer all your PSC-related questions. You can reach us directly at membersmatter@pacecu.com or call the Contact Centre.

Call Us: 1 877 588 7223
Local Number: 647 417 1515

EY valuation of PFL and FHH shares – the job is not finished

The investments in retail products (held by many of you) may recover in value as the markets recover (e.g., a RRSP holding mutual funds is a retail product).

EY continues to hold the preferred shares from Pace Financial Limited (PFL) and/or First Hamilton Holdings Inc. (FHH) in trust for our members. EY has moved all of the shares out of the PSC accounts to make the transfer of your accounts easier. E&Y is still valuing the shares and we are not sure what they will be ultimately worth, but will let you know once that determination is made.

Compliance Review – on track

The Compliance Review is progressing well and in a thoughtful and careful manner so as to support all members. A member survey was held via email and we are grateful to all who took the time to respond. Thank you for being so willing to share your stories and documents. Fasken will interview a representative sample of affected members. The selected members will be contacted in August by the team at Fasken.

We *are* listening

Many of you have asked questions around common themes and we want to make sure all members have the same answers:

Is it safe to bank with PACE Credit Union?

Yes, PCU is here to stay.

- We are a full-service regulated financial institution with a 60-year history serving members across Ontario.

What's the difference between the PCU Compliance Review and all the other investigations?

- We have been collaborating with the OSC, FSRA and IIROC. We fully support all investigations and findings that help make sense of what happened, particularly as these findings help our impacted members.
- Our own review will: 1. Ensure processes are all founded in published [“Best Practices” of Know Your Client and Suitability compliance regulations](#). 2. Ensure we have listened to all affected members. 3. Explore areas for recovery for affected members, and support of financial literacy options for all interested members.

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 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