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IN THE MATTER OF THE
CREDIT UNIONS AND CAISSES POPULAIRES ACT, 1994,
S.O. 1994, c. 11, AS AMENDED (the "*ACT*")

AND IN THE MATTER OF
PACE SAVINGS & CREDIT UNION LIMITED

AND IN THE MATTER OF
AN
ORDER OF THE CHIEF EXECUTIVE OFFICER
FINANCIAL SERVICES REGULATORY AUTHORITY
OF ONTARIO PURSUANT TO SECTION 294(1) OF THE
ACT

FOURTH ADMINISTRATION ORDER

(March 26, 2021)

WHEREAS the Deposit Insurance Corporation of Ontario ("**DICO**" or the "**Administrator**") issued an Administration Order on September 28, 2018, pursuant to section 294(1) of the *Credit Unions and Caisses Populaires Act, 1994*, S.O. 1994, c.11, as amended (the "**Act**"), ordering that PACE Savings & Credit Union Limited and its subsidiaries (the "**Credit Union**") be subject to the administration of the Administrator (the "**First Administration Order**");

AND WHEREAS the First Administration Order suspended the powers of the then directors of the Credit Union except for specific limited purposes, which purposes were exhausted and spent as of December 2018;

AND WHEREAS the DICO amalgamated with the Financial Services Regulatory Authority of Ontario ("**FSRA**"), effective as of June 8, 2019, and FSRA became the Administrator;

AND WHEREAS following the issuance of the First Administration Order, the Administrator commenced legal proceedings under Court File No. CV-19-00616388-00CL in the Ontario Superior Court of Justice (Commercial List) against certain of the former directors of the Credit Union and others, including the former CEO and former President of the Credit Union, as a result of the events giving rise to the Administration Order, and certain other legal proceedings have been or will be commenced by the Administrator in relation to the events giving rise to the Administration Order and responding to related claims, counterclaims and cross-claims (collectively, the "**Recovery Litigation**");

AND WHEREAS in or about January 2020, FSRA commenced a process by which the Credit Union could be released from Administration pursuant to section 295(4) of the *Act*;

AND WHEREAS FSRA had determined that, as part of the process for releasing the Credit Union from Administration, enhanced governance and oversight was required at the Credit Union;

AND WHEREAS the Administrator held a special members' meeting on January 27, 2020, at which time a majority of the members present and voting at the meeting, voted in favour of the appointment of a slate of candidates proposed by the Administrator as directors of the Credit Union (the "**2020 Directors**"), along with certain by-law amendments;

AND WHEREAS the Administrator wished to provide for a period of transition to allow the 2020 Directors ample time to be able to properly orient themselves with the Credit Union's business and affairs before permitting the 2020 Directors to exercise additional control over the Credit Union's operations while the Credit Union remained under Administration;

AND WHEREAS the Administrator issued a second Administration order dated February 19, 2020 (the "**Second Administration Order**"), which, *inter alia,* granted the 2020 Directors the authority to conduct meetings of the Board of Directors for the Credit Union (the "**2020 Board**"), and committees of the Board, in accordance with the Credit Union's by-laws and policies and to exercise certain powers and make certain decisions subject to the approval of the Administrator where expressly required, including hiring a new management team (**"2020 Management Team"**) consisting of a chief executive officer (**"CEO"**), a chief financial officer (**"CFO"**), and a chief risk officer (**"CRO"**);

AND WHEREAS the 2020 Directors recruited and hired the 2020 Management Team with the approval of the Administrator;

AND WHEREAS the Administrator issued a third Administration order dated April 28, 2020 (the "**Third Administration Order**") that permitted the Credit Union, through the 2020 Directors and the 2020 Management Team, to exercise additional powers under the *Act* while the Credit Union remained under Administration;

AND WHEREAS on May 14, 2020, the Credit Union executed a resolution, as sole shareholder of PACE Securities Corporation ("**PSC**") to effect the winding up of PSC and its direct and indirect subsidiaries including Pace Financial Limited ("**PFL**");

AND WHEREAS on May 14, 2020, PSC and PFL applied for and were granted a Winding-Up Order appointing Ernst & Young to oversee their liquidation;

AND WHEREAS in the context of the winding-up of PSC and PFL, the Ontario Superior Court of Justice issued an Order on August 6, 2020, (the **"Appointment Order"**) appointing "Representative Counsel" to represent "Investor Claimants" (as those terms are defined in the Appointment Order), who may have suffered losses related to their purchase of investment shares in PFL and First

Hamilton Holdings Inc. and to take and perform for and on behalf of the Investor Claimants, all steps and all acts necessary or desirable to represent the interests of the Investor Claimants, including by negotiation, compromise, arrangement, settlement or litigation (the "**Investor Litigation**");

AND WHEREAS on November 18, 2020, the Chair of the Board of the Credit Union resigned from the 2020 Board, effective immediately, and thereafter, between November 18, 2020 and January 2021, the remaining members of the 2020 Board tendered their resignation such that the Credit Union no longer has any directors, no functioning Board and has not had quorum since November 20, 2020;

AND WHEREAS on November 20, 2020, the CEO and CRO who had been hired by the 2020 Board on behalf of the Credit Union resigned from their offices with the Credit Union;

AND WHEREAS effective December 21, 2020, the Administrator appointed a new CEO for the Credit Union (the "**New CEO**") who, together with the other members of the Credit Union's senior management, including the CFO, have been managing the daily operations of the Credit Union; and

AND WHEREAS with the appointment of the New CEO, who has now had the opportunity to orient himself with the Credit Union's business and affairs, the Administrator is now prepared to allow the Credit Union, through the New CEO, to exercise additional powers under the Act.

NOW THEREFORE, THE ADMINISTRATOR HEREBY ORDERS THAT:

1. The Administrator hereby grants the New CEO and the Credit Union's senior management, the power to manage the ordinary business and affairs of the Credit Union, as described more fully in paragraph 2 and as limited by paragraph 3 herein.

2. The Administrator hereby grants the New CEO and the Credit Union's senior management the power to:

    (a) Carry on the ordinary management and conduct operations of the Credit Union and its subsidiaries in accordance with the by-laws, articles, policies and guidelines of the Credit Union and the Act;

    (b) Preserve, maintain, realize, dispose of and add to the property of the Credit Union, other than such property as is referred to in paragraph 3(b) and 3(c) herein; and

    (c) Receive the income and revenue of the Credit Union.

3. The Administrator shall continue to retain the authority to:

    (a) Exercise the powers of the Credit Union for matters outside the ordinary course of business, and of the directors, officers and committees;

    (b) Require or permit the Credit Union to enter into an amalgamation agreement, dispose of its core assets, and liabilities or be wound up;

(c) Approve or refuse to approve the disposition of core assets, divestiture of subsidiaries, and redemption of investment shares of the Credit Union;

(d) Order the Credit Union, the New CEO and the Credit Union's senior management, including its officers and employees, to not exercise any powers granted to them in paragraphs 1 and 2 of this Order or under the Act;

(e) Establish, approve or, with reasons, refuse to approve guidelines for the operations of the Credit Union, including how the New CEO and management will work with the Administrator on matters outside of the ordinary course of business and/or which would normally be subject to Board or committee oversight, review or approval;

(f) Order the Credit Union not to declare or pay a dividend or to restrict the amount of a dividend to be paid;

(g) Propose by-laws for the Credit Union and amendments to its articles of incorporation;

(h) Approve in writing any by-law, policy or resolution relating to the business, affairs or management of the Credit Union; and

(i) Manage the Recovery Litigation and the Investor Litigation, including making any decisions regarding the conduct or settlement of those matters.

4. This Fourth Administration Order shall supersede the Second and Third Administration Orders and shall remain in full force and effect until the Administrator orders otherwise, which can include, but is not limited to, ordering that the Credit Union be placed under supervision pursuant to section 279(1) of the Act.

DATED at Toronto, this 26th day of March, 2021.

FINANCIAL SERVICES AUTHORITY OF ONTARIO

Mark White
President and Chief Executive Officer
Financial Services Authority of Ontario