Court File No. CV-20-00641059-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16, AS AMENDED

~~AND~~ IN IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C., 1985, C. C-44, AS AMENDED

SUPERIOR COURT OF JUSTICE
JUSTICIA
COUR SUPÉRIEURE DE JUSTICE

AND IN THE MATTER OF A WINDING UP OF PACE SECURITIES CORP., PACE FINANCIAL LIMITED, PACE INSURANCE BROKERS LIMITED AND PACE GENERAL PARTNER LIMITED

Applicants

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing on a date and at a time to be set at the courthouse at 330 University Avenue, 8th Floor, Toronto, Ontario M5G 1R7.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE

APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date May 14 ~~May 4~~, 2020 Issued by Uvez Memon ~~Registrar, Superior Court of Justice~~
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto ON M5G 1R7

TO: **THE SERVICE LIST**

APPLICATION

1. The Applicant, Pace Securities Corp. ("**PSC**") make an application for an Order, among other things:

(a) abridging the time for service and filing and validating the manner of service of this notice of application and the application record, and dispensing with service thereof on any interested party other than those served with these proceedings;

(b) winding-up of PSC and its direct and indirect subsidiaries pursuant to the *Business Corporations Act* (Ontario) or the *Canada Business corporations Act (Canada)*, as applicable.

(c) approving and affirming the appointment of appointing Ernst & Young Inc. ("**EY**") as liquidator of PSC and its direct and indirect subsidiaries;

(d) staying all proceedings and remedies taken or which might be taken in respect of PSC, its subsidiaries or any of their property, except upon leave of this Court being granted, or as otherwise provided;

(e) granting a priority charge over the assets, properties and undertakings of PSC and its direct and indirect subsidiaries (collectively, the "**Property**") to secure the fees and disbursements of the Liquidator and its counsel (the "**Administration Charge**");

(f) granting such further and other relief as counsel may request and this Court may permit.

2. The grounds for the application are:

(a) PACE Savings & Credit Union Limited (the "**Credit Union**") is under the administration of the Financial Services Regulatory Authority pursuant to an Administration Order issued September 28, 2018;

(b) As a result of the Administration Order, the Administrator now controls the governance and operations of the Credit Union;

(c) On January 27, 2020, the Administrator convened a meeting of the Credit Union's members at which the members approved the election or appointment of a slate of new directors for the Credit Union (the "**New Directors**") as one step in the longer process to release the Credit Union from administration.

(d) On February 19 and April 28, 2020, the Administrator issued second and third Administrative Orders. Subject to those further Orders of the Administrator, the powers of the New Directors remain circumscribed and limited as set out in the Administrative Orders.

(e) The Credit Union holds 100% of the issued and outstanding common shares of PSC, and PSC has no other shareholders; PSC holds 100% of the of the issued and outstanding common shares of PIB and PGPL, and neither PIB nor PGPL have other shareholders; and PGPL holds 100% of the of the issued and outstanding common shares of PFL, which has issued Series A Preference Shares to various investors, many of whom are members of the Credit Union;

(f) The Administrator and the New Directors have determined that PSC and its direct and indirect subsidiaries are not a core part of the Credit Union's business and have been working to determine how PSC and its direct and indirect subsidiaries are to be dealt with as part of the on-going efforts to regularize the Credit Union's operations to return it to member-controlled governance.

(g) Recent turmoil in the global capital markets caused by the COVID-19 pandemic has had a negative impact on PSC and its viability.

(h) On May 14, 2020, the Credit Union executed a resolution, as sole shareholder, to effect the winding up of PSC and its direct and indirect subsidiaries pursuant to the *Business Corporations Act* (Ontario) or the *Canada Business Corporations Act*, as applicable.

(i) Pursuant to the special resolutions, EY was appointed is to be appointed as liquidator of each of PSC, which is to be continued pursuant to a Court-supervised winding up proceeding;

(j) The resolution authorizes PSC to make an application to this Court under the *Business Corporations Act* (Ontario) for the Court-supervision of its winding-up

(k) The Administrator of the Credit Union and the New Directors consider it advisable to have the winding-up of PSC and its direct and indirect subsidiaries brought under the supervision of this Court to:

> (i) facilitate EYs ability to develop and implement a plan for the liquidation, including a claims process, if necessary;

(ii) provide for an ability to efficiently enforce the terms of any liquidation plan and corresponding ancillary relief provided in the *Business Corporations Act* (Ontario) or *Canada Business Corporations Act* in connection with the liquidation as against any third parties;

(iii) afford EY, in its capacity as liquidator, the opportunity to seek the advice and directions of the Court should that become necessary under the circumstances; and

(iv) afford EY, in its capacity as liquidator, certain protection in carrying out the liquidation;

(l) The proposed Order seeks an Administrative Charge over the Property of PSC and its direct and indirect subsidiaries and deems the termination of all employees of PSC and its direct and indirect subsidiaries as of the date of the Order.

(m) It is in the interests of the shareholders, creditors, and other stakeholders of PSC and its direct and indirect subsidiaries that the winding-up of PSC and its direct and indirect subsidiaries continue under a voluntary wind-up under the supervision of this Court at this time;

(n) Sections 193, 207, 208, 209 and 210 of the *Business Corporations Act*, , R.S.O. 1990, c. B.16;

(o) Section 211, 214 and 215 of the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44;

(p) Rules 3.02, 14.05, and 16 of the Rules of Civil Procedure, *R.R.O.* 1990, Reg. 194;

(q) the equitable jurisdiction of this Court; and

(r) such further and other grounds as counsel may advice and this Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

(a) the Affidavit of Mitch Vininsky affirmed May 14, 2020;

(b) the Consent of EY to be filed; and

(c) such further and other evidence as counsel may advice and this Honourable Court may permit.

May 14, 2020

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