

Credential

June 9, 2017

VIA EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
Email: comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, QC H4Z 1G3
Email: consultation-en-cours@lautorite.qc.ca

Attention: Ms. Grace Knakowski, Secretary of OSC
Me. Anne-Marie Beaudoin, Corporate Secretary of AMF

Re: Comments on CSA Consultation Paper 81-408 – Consultation on the Option of Discontinuing Embedded Commissions

Dear Ms. Knakowski and Me. Beaudoin:

I write on behalf of Credential Financial Inc., a national wealth management firm, including its subsidiary companies Credential Securities Inc. ("CSI") and Credential Asset Management Inc. ("CAM") (collectively "Credential"), to provide comments on CSA Consultation Paper 81-408 – *Consultation on the Option of Discontinuing Embedded Commissions* (the "Consultation Paper").

Through CSI (an IIROC-registered Investment Dealer) and CAM (an MFDA-registered Mutual Fund Dealer), Credential provides dealer services, trading and custodian services, and an online brokerage to credit unions and independent financial institutions across Canada. Credential offers a full suite of products and services to over 225 organizations and more than 1,800 advisors with \$32 Billion in assets under administration.

Credential

At Credential our vision is to enable *sustainable financial strength for all Canadians*. We strongly believe that access, at all income levels, to affordable wealth management advice is essential to promoting the security and prosperity of Canadians.

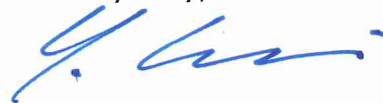
We commend the CSA on its well-articulated and well-researched Consultation Paper. We have studied the document for several months and carefully considered its contents. We are supportive of the regulatory initiatives designed to elevate client interests, in particular where clients will demonstrably receive a clear benefit, such as improving transparency of dealer compensation, eliminating compensation-related conflicts and reducing the complexities involved with investing generally.

Credential participated in a review of the Consultation Paper by industry discussion groups, including through the Investment Industry Association of Canada ("IIAC"). Credential is in support of discontinuing embedded commissions, however, we believe that certain aspects of the proposal may lead to unintended outcomes. Many of these are well articulated in the IIAC letter. We are concerned about a potential expansion of the advice gap in Canada and, in particular, its potential impact on economically vulnerable senior citizens who may be 'priced out' and need to rely on automated advice as their senior years progress. Health and other factors (such as being unable to keep up with the rapid progress of technological change) could exacerbate the challenge faced by these clients. We respectfully request the CSA to consider these issues carefully in its review process.

Should a ban on embedded fees proceed, we submit that it would be reasonable to provide firms with a safe harbour to automatically transition accounts to direct pay arrangements in instances where clients fail to respond to a firm's reasonable efforts to contact clients to explain the transition options.

Credential appreciates the opportunity to participate in this consultation. Our comments are intended to promote a constructive dialogue on the relevant issues. On behalf of Credential, I thank you for considering our comments. Please contact me with any additional questions or requests for further information.

Yours very truly,



Yasmin Lalani
SVP, Legal, Risk Management & Chief Counsel
ylalani@credential.com