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July 18, 2017

SUBMITTED ELECTRONICALLY

<https://www.regulations.gov/document?D=EBSA-2017-0004-0001>

The Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Proposed Definition of Fiduciary Regulation
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

Re: RIN 1210-AB82

On behalf of John Hancock Life Insurance Company (U.S.A.) (collectively referred to along with its affiliates and subsidiaries as “John Hancock”)¹, this comment letter responds to the request by the U.S. Department of Labor (“Department”), Federal Registration Number (2017-14101) published on July 6, 2017, for comments on the Department Request for Information (RFI) and it’s “Question (1)” out of the Eighteen Questions “**Would a delay in the January 1, 2018, applicability date of the provisions in the BIC Exemption, Principal Transactions Exemption and amendments to PTE 84-24 reduce burdens on financial services providers and benefit retirement investors by allowing for more efficient implementation responsive to recent market developments? Would such a delay carry any risk? Would a delay otherwise be advantageous to advisers or investors? What costs and benefits would be associated with such a delay?**”.

¹ John Hancock Life Insurance Company (U.S.A.) and its subsidiary John Hancock Life Insurance Company of New York manufacture and issue fixed and variable annuities, life insurance, and long-term care insurance that may be issued to employer pension and welfare plans. John Hancock’s U.S. affiliates also include: John Hancock Retirement Plan Services LLC (recordkeeping service provider); John Hancock Trust Company LLC; John Hancock Investments (registered investment companies); John Hancock Distributors LLC (U.S. broker-dealer); John Hancock Funds, LLC (U.S. broker-dealer); John Hancock Advisers, LLC (U.S. investment adviser); Hancock Capital Investment Management LLC (U.S. investment adviser); Hancock Natural Resource Group, Inc. (U.S. investment adviser); John Hancock Investment Management Services, LLC (U.S. investment adviser); Manulife Asset Management (US) LLC (U.S. investment adviser); John Hancock Personal Financial Services LLC (U.S. investment adviser); and Signator Investors, Inc. (U.S. broker-dealer and investment adviser).

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I. Question (1) Summary

As we have stated in previous comments, John Hancock shares the Department's focus on and concern regarding American retirement readiness and financial literacy. We support the goal of imposing a general fiduciary standard on all parties that provide investment advice to retirement investors, ensuring that conflicts of interest are fully disclosed to investors and minimized where possible. We believe the Department's Rule and PTEs 2016-01 and 84-24 represent a substantive attempt to realize those goals.

Notwithstanding our general support of these goals, when we consider the four questions that comprise "Question (1)" posed by the Department in RFI (RIN 1210-AB82), we strongly recommend that the Department delay its current January 1, 2018 applicability date by a minimum of six months. We believe that such a delay would provide the Department time to coordinate with other relevant regulatory bodies, such as the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"), in establishing a uniform fiduciary standard to be applied to all retail investment accounts. The coordination of the DOL rule with SEC and FINRA standards is a necessary and critical step to ensure all investors receive clear and uniform advice across all of their investments. Failure to coordinate these standards will only further confuse investors about the multiple, and sometimes conflicting, roles of their advisor. Please note that John Hancock previously recommended changes to the Department's Fiduciary Rule in a comment letter [RIN 1210-AB79 #1242]² submitted April 14, 2017. If the Department decides to adopt some of the changes recommended in our prior letter, such as rolling out new share classes or devising an enforcement mechanism other than class action litigation, additional compliance work will be required. In that event, we strongly urge the Department to extend the pending applicability date by a minimum of 12-18 months.

As stated in our prior communications to the Department, John Hancock supports withdrawing the rule as it pertains to IRAs, thereby allowing for uniform regulation of individual accounts by the SEC and FINRA. We fully support the imposition of the Rule as to employer plans subject to ERISA and the participants in those plans. However, as noted in that prior communication, we would suggest that certain small changes would substantially ease the burden of compliance while still protecting the interests of retirement investors. These suggestions are based on our experience preparing to implement the Rule and PTE 2016-01 over the last twelve months. Our recordkeeping business has modified its services and communications with plan sponsors and participants to avoid giving unintentional fiduciary investment advice. Where such services could not be modified to avoid advice to plan participants, we have taken steps to ensure that the advice that is provided is in the best interest of the participants and fully complies with the requirements of PTE 2016-01.

John Hancock has worked with our distribution partners to modify compensation arrangements, add new services, avoid unintentional investment advice, and provide data that they may require to comply with their disclosure obligations under PTEs 2016-01 or 84-24. In our efforts to prepare for full implementation of the rule and PTEs 2016-01 and 84-24, we have spent over \$10 million as of July 2017; barring changes to the rule or delays in its effective date, we anticipate spending another \$4 million by January 1, 2018. Even with the significant effort expended to date, some uncertainty remains regarding the availability of needed technology to help support our compliance efforts and that of the industry in general.

² April 14, 2017 - RIN 1210-AB79 | <https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB79/01242.pdf>

Signator Investors, Inc. (“Signator”), our affiliated broker-dealer and registered investment adviser, has modified its compensation arrangements and its data aggregation and reporting workflows and computer systems in preparation for full compliance with PTE 2016-01, but Signator is not presently assured that its vendors will be able to deliver the needed, fully compliant work product by January 1, 2018. A delay of at least six months would allow the technology solutions being introduced to support the Department’s Rule and PTE 2016-01 to be properly integrated and validated before use. The technology industry needs additional time to create these solutions/products. This reality has created a “domino effect,” in that it has caused delays for Signator to integrate these solutions into its own environment by January 1, 2018. If the applicability date is not modified, Signator will likely be forced to use certain manual processes, until the full technology solution is available. This is not a circumstance unique to Signator. Rather, the industry faces the same technology development needs.

For the reasons stated above, John Hancock strongly urges the Department to extend the January 1, 2018 applicability date.

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John Hancock is committed to its customers and appreciates the opportunity to provide these comments to the Department. If the Department has any questions or would like more information regarding this letter, please contact me.

Sincerely,



James D. Gallagher
Executive Vice President and General Counsel

John Hancock Life Insurance Company (U.S.A.)