



**James D. Gallagher**

*Executive Vice President and General Counsel*

**August 25, 2017**

**SUBMITTED ELECTRONICALLY**

<https://www.sec.gov/cgi-bin/ruling-comments>

The Honorable Jay Clayton  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: Public Comments on Standards of Conduct for Investment Advisers and Broker-Dealers**

On behalf of John Hancock Life Insurance Company (U.S.A.) (collectively referred to along with its affiliates and subsidiaries as "John Hancock")<sup>1</sup>, this comment letter responds to your request for comment on standards of conduct for investment advisers and broker-dealers. John Hancock applauds your stated commitment to coordination and cooperation among regulatory bodies to ensure the best outcome for investors.

As we have stated in other comments, John Hancock supports the goal of imposing a general fiduciary standard on all parties that provide investment advice to retail investors, ensuring that conflicts of interest are fully disclosed and minimized where possible. All investment advisers and broker-dealers providing investment advice to retail clients should act in the best interest of the client. In order to achieve this goal, we believe it is imperative that a consistent best-interest standard be applied regardless of whether a client's assets are in a retirement account or a non-retirement account.

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<sup>1</sup> 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).

We operate as John Hancock in the United States and Manulife in other parts of the world.



We further believe that the Securities and Exchange Commission ("SEC") is the appropriate agency to develop and maintain this standard, given its jurisdiction over investment advisers as well as broker-dealers across the breadth of all retail account types and product offerings. We have previously commented in response to the Department of Labor's recent request for information<sup>2</sup> that the Department of Labor should defer to the SEC and its delegated self-regulatory organizations with respect to the application of a general fiduciary standard across all retail investment accounts.

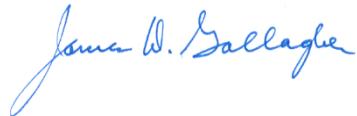
The SEC has characterized the goals highlighted by Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act as including "(1) preserving retail customer choice with respect to, among other things, the availability of accounts, products, services, and relationships with investment advisers and broker dealers, and (2) not inadvertently eliminating or otherwise impeding retail customer access to such accounts, products, services and relationships (for example, through higher costs)."<sup>3</sup> We believe these goals are well met by continuing to apply the current, principles-based fiduciary regime to investment advisers.

To promote consistency and clarity for broker-dealer clients, the SEC should establish a best-interest standard for broker-dealers promulgated by the SEC and built on current suitability standards and other requirements. Such a standard would meet the goals of Section 913 while permitting traditional broker-dealer practices and retaining flexibility with respect to compensation models and product offerings. Customer choice should allow advisers and broker-dealers to direct clients to products that suit their needs, whether or not those products are proprietary. A broker-dealer best-interest standard would allow for differences in the scope of obligations that should attach to discrete recommendations as opposed to ongoing investment advice. As the Financial Industry Regulatory Authority ("FINRA") has already considered in-depth how to determine what constitutes a recommendation,<sup>4</sup> those principles should be applied to any new best-interest standard.

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John Hancock is committed to its customers and appreciates the opportunity to provide these comments. If you have 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.)

[REDACTED] I [REDACTED]

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<sup>2</sup> Request for Information Regarding the Fiduciary Rule and Prohibited Transaction Exemptions, 82 Fed. Reg. 31278 (July 6, 2017).

<sup>3</sup> Duties of Brokers, Dealers, and Investment Advisers, SEC Rel. No. 34-69013 (Mar. 1, 2013), at p. 10.

<sup>4</sup> See FINRA Rule 2111 and relevant guidance (e.g., [http://www.finra.org/industry/faq-finra-rule-2111-suitability-faq#\\_edn1](http://www.finra.org/industry/faq-finra-rule-2111-suitability-faq#_edn1)).