

November 10, 2017

VIA E-MAIL

Mr. Brent Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: *Supplemental Comments on Investment Company Liquidity Risk Management Programs* (File No. S7-16-15)

Dear Mr. Fields:

This letter presents the comments of John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC (collectively, “**John Hancock Investments**”) with respect to the liquidity risk management program rules and related reporting requirements (the “**Liquidity Rule**”) recently adopted by the U.S. Securities and Exchange Commission (the “**Commission**”). John Hancock Investments is a premier asset manager representing one of America’s most trusted brands, with a heritage of financial stewardship dating back to 1862. We provide investment management services to the John Hancock Group of Funds; a family of 214 registered funds with approximately \$209 billion of assets.¹ In our capacity as a manager-of-managers, John Hancock Investments oversees 30 subadvisers (with 86 separate portfolio management teams) across the 143 unique investment strategies in the John Hancock Group of Funds.

John Hancock Investments’ structure as a manager-of-managers allows us to engage world-class institutional and boutique subadvisers to manage the portfolios of the John Hancock Group of Funds while also providing independent oversight by a sophisticated asset management organization. This position as a manager-of-managers with oversight responsibility for subadvisers with varying degrees of sophistication affords John Hancock Investments a distinct perspective and insight into the particular concerns faced by similarly structured fund complexes in preparing for and implementing the Liquidity Rule.

As we discussed with representatives of the staff of the Commission at a meeting held at the offices of the Commission on July 12, 2017, John Hancock Investments is in the process of implementing a “top down” liquidity risk management program on behalf of the John Hancock Group of Funds, which builds substantially off its existing program. Under the program being implemented, John Hancock Investments will be appointed as the administrator of the program and will be responsible for making the required liquidity determinations pursuant to the Liquidity Rule on behalf of the John Hancock Group of Funds. This “top down” structure will permit John Hancock Investments to have an overall independent view of the liquidity of the portfolios of the John Hancock Group of Funds and to provide effective oversight of the subadvisers on a post-trade basis.

¹ Information regarding the John Hancock Group of Funds is stated as of September 30, 2017.

On November 3, 2017, the Investment Company Institute submitted a letter (the “ICI Letter”) to the Commission requesting that the Commission adjust the compliance schedule for the Liquidity Rule’s asset classification and related requirements as soon as possible. This letter serves to indicate John Hancock Investments’ agreement with the ICI Letter’s request for delaying the Liquidity Rule’s compliance schedule by at least one year. In particular, John Hancock Investments wishes to express to the Commission that its experience with its vendors and prospective vendors in planning for the implementation of the Liquidity Rule is consistent with the ICI Letter’s representations regarding “vendor readiness,” especially as it relates to compliance with the Liquidity Rule’s asset classification, or “bucketing,” requirements.

Although John Hancock Investments, on behalf of the John Hancock Group of Funds, fully intends to implement a liquidity risk management program in compliance with the Liquidity Rule prior to the current compliance date of December 1, 2018, we strongly support the request for delay in the ICI Letter. Delaying the implementation of the “classification” requirements of the Liquidity Rule will permit firms the necessary time to work with vendors and to more fully build out supporting IT infrastructure necessary to implement liquidity risk management programs based on more accurate and refined data and with comprehensive asset class coverage. The programs implemented following such a delay may prove to be a more useful tool from a Commission data gathering perspective and will be more effective for fund complexes in managing their liquidity risk.

Moreover, in addition to being beneficial to the fund industry as a whole, a delay to the “classification” requirements of the Liquidity Rule would also be beneficial to John Hancock Investments and other complexes that offer a similar manager-of-managers structure. Inherent in implementing a “top down” liquidity risk management program in a manager-of-managers structure are certain procedural, business processes and systems-related challenges that a delayed compliance date will provide John Hancock Investments and others the opportunity to address in a more comprehensive manner. Specifically, implementing a “top down” approach to liquidity risk management in a manager-of-managers structure presents challenges related to: (1) building the necessary infrastructure to oversee and manage multiple subadvisers on an ongoing basis, including subadvisers with varying degrees of sophistication, in connection with the Liquidity Rule; and (2) management of pre- and post-trade liquidity assessments and the reconciliation of any resulting differences.

I. Oversight and Management of Subadvisers

In a manager-of-managers structure, the proposed “top down” approach to a liquidity risk management program presents certain challenges in terms of building the infrastructure necessary to oversee and manage multiple subadvisers. Such infrastructure could include enhancements to existing liquidity management programs and other related procedures and systems, pre-trade compliance systems, potential changes to compliance oversight models (especially as it relates to liquidity assessment testing) and engagement with various vendors that offer liquidity measurement services and products. The difficulty and stress of building out such infrastructure prior to the current compliance date, which would be required of any registered investment company, is magnified when applied to a manager-of-managers structure, where the investment adviser is responsible for making the required liquidity assessments under the Liquidity Rule and exercising oversight of multiple subadvisers with respect to such assessments.

In addition, as a result of the 30 subadvisers that manage the John Hancock Group of Funds, John Hancock Investments has oversight responsibility for subadvisers with varying degrees of sophistication and diverse approaches to preparing for implementation of the Liquidity Rule. Certain large institutional managers that are experienced in the management of registered funds may be well prepared, having developed programs that will provide John Hancock Investments and other fund complexes with much of the information necessary to make the required liquidity assessment. By contrast, certain smaller managers without as much experience in managing registered funds may be less willing or able to provide such assistance and may

rely on John Hancock Investments or other fund complexes to educate them with respect to the requirements of the Liquidity Rule. Additionally, many subadvisers have taken the position that the Liquidity Rule is a fund compliance obligation and that they are not required by either the Liquidity Rule or existing subadvisory agreements to assist in implementation of the Liquidity Rule beyond complying with pre-trade compliance checks as part of the implementation of a fund's investment strategy.

II. Management of Pre-Trade and Post-Trade Liquidity

Inherent in the manner that John Hancock Investments operates as a manager-of-managers is that John Hancock Investments is providing compliance oversight and assessment of trading activity on a post-trade (T+2) basis, while the subadvisers are performing such checks on a pre-trade basis as part of implementing the fund's investment strategy. As a result, in the "top-down" liquidity risk management program being implemented by John Hancock Investments, John Hancock Investments will perform liquidity assessments of securities, compliance monitoring with respect to highly liquid investment minimums and compliance with the 15% limit on illiquid securities on a post-trade (T+2) basis, while the subadvisers making investment decisions will be doing so on a pre-trade basis. The timing of liquidity assessments by John Hancock Investments and the subadvisers may result in differences in the liquidity assessment of a position by a subadviser and John Hancock Investments due to either a subadviser's independent assessment of the liquidity of a security on a pre-trade basis or market events.

To address these potential conflicts, which are unique to a manager-of-managers structure, John Hancock Investments currently expects to use subadviser input as a factor in its liquidity assessment and is in the process of preparing procedures and mechanisms to assist with the reconciliation of differences in liquidity assessments by John Hancock Investments and the subadvisers. A delay in the effective date of certain aspects of the Liquidity Rule as requested by the ICI Letter would be beneficial both to John Hancock Investments and other managers-of-managers by providing these managers, their subadvisers and their vendors additional time to more fully develop and enhance policies, procedures and systems related to pre- and post-trade liquidity assessments and reconciliations.

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John Hancock Investments appreciates the opportunity to provide its comments on the compliance schedule for the Liquidity Rule and hopes that the Commission finds these comments helpful and constructive. If you wish to discuss these comments further, please contact Phil Fontana, Head of Product Development & Investment Risk Oversight, at [REDACTED]; or Christopher Sechler, Deputy Chief Counsel, at [REDACTED]; or Nicholas Kolokithas, Assistant General Counsel, at [REDACTED].

Sincerely,



Phil Fontana, CFA, CAIA
Head of Product Development &
Investment Risk Oversight
John Hancock Investments

cc: The Honorable Jay Clayton
The Honorable Kara M. Stein
The Honorable Michael S. Piwowar

John Cook, Senior Adviser to the Chairman

Dalia Blass, Director
Division of Investment Management

Christopher Sechler, Deputy Chief Counsel
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