February 14, 2023

VIA E-MAIL

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: *Comments on Proposal Regarding Open-End Fund Liquidity Risk Management Programs and Swing Pricing; Form N-PORT Reporting* (File No. S7-26-22)

Dear Ms. Countryman:

This letter presents the comments of John Hancock Investment Management Services LLC, John Hancock Variable Trust Advisers LLC, and John Hancock Retirement Plan Services LLC (collectively, "John Hancock Investment Management") with respect to the proposal by the U.S. Securities and Exchange Commission (the "SEC" or "Commission") to amend Rule 22c-1 under the Investment Company Act of 1940, as amended (the "Proposed Rule") to require all open-end mutual funds, other than money market funds and exchange-traded funds ("ETFs), to adopt mandatory swing pricing and subsequently a hard close. John Hancock Investment Management 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 186 registered funds, including 53 funds of funds, with approximately $241.3 billion and $61 billion in assets, respectively. We also provide record keeping services to 55,440 retirement plans covering 3,416,051 participants with approximately $57.4 billion of John Hancock Group of Funds assets.[1]

John Hancock Investment Management's 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. A substantial portion of John Hancock Investment Management's business includes fund of funds, target date funds, and retirement plan assets which will be significantly impacted by the Proposed Rule, in particular the proposed hard close and cascading effect that it will have on cut-off times at various levels. This position as a manager-of-managers with oversight responsibility for subadvisers with varying degrees of sophistication and its significant business interests in fund of funds, target date funds, and retirement plan assets affords John Hancock Investment Management a distinct perspective and insight into the particular concerns faced by similarly structured fund complexes in preparing for and implementing the Proposed Rule.

John Hancock Investment Management strongly opposes the implementation of a hard close requirement to facilitate swing pricing. A hard close is incompatible with the current mutual fund infrastructure and would upend the entire mutual fund and retirement plan record keeping ecosystems that have served

[1] Information regarding the John Hancock Group of Funds is as of December 31, 2022.

investors well for so long. John Hancock Investment Management also strongly opposes the Commission's mandatory swing pricing in its proposed form.

As a member firm of the Investment Company Institute ("ICI"), we strongly agree with the comments and proposals advanced in the ICI's comment letter to the Proposed Rule ("ICI Letter") dated February 14, 2023. Rather than restating each of those comments here, we wish to emphasize a number of provisions of the Proposed Rule that, if adopted as proposed, would have a significant negative impact on mutual funds and retail investors, particularly retirement plan participants.

While we appreciate the Commission's intent in releasing the Proposed Rule to protect the interests of fund shareholders and to more equitably pass on the costs of redemption and purchase activity to those shareholders who engage in that activity, we believe the Proposed Rule requiring mutual funds to engage in swing pricing and implement a hard close significantly disadvantage mutual funds generally, as well as their shareholders.

For the reasons outlined below, we believe the Commission should not adopt the Proposed Rule with respect to mandatory swing pricing and a hard close as currently written due to the unintended yet inevitable harmful consequences to mutual funds and their shareholders.

I. Infrastructure Concerns Regarding the Proposed Rule and the Resulting Costs and Burdens on Intermediaries and Retirement Plan Record Keepers

We believe that the amendments in the Proposed Rule will require significant enhancements by funds, intermediaries, and in particular retirement plan record keepers to their infrastructure in order to support the implementation of a hard close and swing pricing. In the proposing release, the SEC noted that "[f]unds and financial intermediaries would need to make significant changes to their business practices" related to processing transactions, including updating their computer systems or adopting new technology. The necessary changes will require significant systems enhancements and rebuilds across all aspects of the mutual fund industry, including intermediaries, retirement plan record keepers, fund administrators, custodians, transfer agents, and even the industry utility, DTCC. The cost, resources, and effort to ensure systems are updated timely and accurately without impacting other areas of the industry would be enormous and will further divert the resources, both human and capital, of funds, intermediaries, and retirement plan record keepers (including IT and Operational personnel, et al) from projects that involve product development and innovation.

Funds and intermediaries, including retirement plan record keepers, would need to make significant changes to their business practices, including updating their computer systems, altering their batch processes, or integrating new technologies that facilitate faster order submission. Intermediaries and retirement plan record keepers likely would also set their own substantially earlier internal cut-off times for receiving orders to purchase or redeem fund shares, causing retail investors to lose some timely flexibility in submitting orders compared with direct and institutional investors.

These changes may have impacts or delays on asset allocation systems since those systems will not be able to determine the exact number of shares to buy or sell until the NAV per share is determined. Certain related or combined transactions (e.g., exchanges from one fund to another) could take multiple days to complete, again creating a new source of investment risk. This poses particular challenges to retirement plan record keepers. This would also have a significant impact on the performance of asset allocation funds. Also particularly relevant to John Hancock Investment Management and other fund groups with fund of funds structures (including target date funds) is that under the Proposed Rule, the lower-tier fund (or another

designated party) would have to receive an upper-tier fund's orders to purchase or redeem the lower-tier fund's shares before the lower-tier fund's pricing time to receive that day's price for the orders. This is inconsistent with current industry practice and would require considerable and costly changes to processes.

The Proposed Rule will also have significant impact on John Hancock Investment Management and other fund groups with a manager-of-managers structure. Having multiple subadviser's involved in the analysis of swing factors will likely complicate the calculation of swing factors, and could lead to inconsistencies across funds within a fund complex. Subadvisers will need to provide estimates of (1) spread costs, (2) brokerage commissions and other costs associated with the purchases or sales, and (3) in certain cases, if applicable, the current market impact. Any inconsistency on these items may diminish the reliability of the adjusted NAV per share, and could potentially open a fund group to exposure.

As a result of these considerable and cost intensive infrastructure and process changes, coupled with the price uncertainty of the application of swing pricing, we believe that a number of intermediaries and record-keepers will not be willing to proceed with such changes and instead focus solely on ETFs and collective investment trusts ("CITs") using the infrastructure currently in place. This will have a material impact on intermediaries who choose this route, as they will no longer be able to provide services to a significant section of the industry and potentially to their existing clients. As discussed below, we believe this will also significantly impact shareholders investing through those retirement plans.

II. Competitive Disadvantage to Mutual Funds

We believe that the swing pricing and hard close amendments in the Proposed Rule will severely disadvantage mutual funds, as an investment vehicle, compared to other investment types, notably ETFs and CITs, neither of which will be required to implement such changes.

As discussed above, the implementation of the hard close and swing pricing requirements to mutual funds will require substantial investment of time and resources associated with making the necessary changes to policies, procedures, systems and processes. Coupled with the implementation of a number of recently approved final rules and additional rule proposals by the SEC, resources, both human and capital, of mutual funds will be diverted from projects that involve product development and innovation and further disadvantage mutual funds from other investment vehicles that will not be required to comply with such rules. Ultimately, some portion of the cost of the resources required to implement the Proposed Rule, as well as other recent regulations, will be borne by fund shareholders.

These costs, coupled with the burden being placed on financial intermediaries and record keepers, will ultimately result in a reduction in the number of entities that will be willing or able to distribute and service mutual funds. If assets were to flow to investment vehicles not subject to the Proposed Rule, this would cause further competitive disadvantage both to mutual funds and their remaining shareholders, who would bear an increasing amount of the expenses. Further, if shareholders and intermediaries were to move to alternative investment vehicles not subject to these requirements, this would seem contrary to the Commission's concerns as such migration would likely not lead to any protections against dilution or any lessening of systemic risk or "first mover advantage."

III. Disadvantage to Retail Investors

Retail mutual fund investors investing through intermediaries or retirement plans stand to be the most negatively impacted by the Proposed Rule. As discussed, a hard close will have a knock-on effect of forcing funds, intermediaries and retirement plan record keepers to implement earlier cut-off times for investments and redemptions, thus requiring such investors to make any investment decisions earlier in the day. This

may be further complicated if intermediaries and record keepers choose to adopt different (i.e. not uniform) cut-offs times. Further, investors who purchase shares directly from the fund or invest in a similar managed ETF will not be subject to this earlier cut-off time and essentially will have a window of time to make investment decisions that retail investors and retirement savers will not, which subjects such shareholders to unnecessary investment risk. Again, this would seem contrary to the Commission's concerns regarding the protection of retail investors against dilution or "first mover advantage."

The mutual fund industry was created to give investors diversification, affordability, professional management and liquidity in their investments. We believe that the inevitable flow of assets to other investment vehicles, due to the Proposed Rule, run counter to this philosophy. Certain intermediaries may forego making the necessary enhancements and focus solely on servicing other investment vehicles that will not be required to implement a hard close. This will reduce investor choice and will ultimately discourage investors from investing in mutual funds.

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John Hancock Investment Management appreciates the opportunity to provide its comments on the swing pricing and hard close components of the Proposed Rule and hopes that the Commission finds these comments helpful and constructive. Please contact Charles A. Rizzo at [redacted], Christopher L. Sechler at [redacted] or Nicholas J. Kolokithas at [redacted] if you wish to discuss these comments further or if we can provide any additional assistance.

Sincerely,

/s/ Andrew G. Arnott
Andrew G. Arnott
Global Head of Retail,
Manulife Investment Management

President and CEO
John Hancock Investment Management
Head of Wealth and Asset Management,
United States and Europe