

BANK OF NOVA SCOTIA /
Form 424B5
December 28, 2012
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Registration No. 333-185049

**Product Prospectus Supplement to the Prospectus Supplement dated December 28, 2012
to the Prospectus dated December 28, 2012**

The Bank of Nova Scotia

Senior Note Program, Series A

RATE LINKED NOTES, SERIES A

Accrual Notes

Fixed Rate Notes

Step Up Notes

Floating Rate Notes

Fixed-to-Floating Rate Notes

Floating-to-Fixed Rate Notes

Inverse Floating Rate Notes

Leveraged Notes

Range Accrual Notes

Dual Range Accrual Notes

Non-Inversion Range Accrual Notes

Leveraged Steepener Notes

The Bank of Nova Scotia (the "Bank") may offer and sell the types of notes listed above (collectively, the "notes") from time to time of any maturity. The prospectus dated December 28, 2012 (the "prospectus"), the prospectus supplement thereto establishing its senior note program dated December 28, 2012 (the "prospectus supplement") and this product prospectus supplement (the "product prospectus supplement") describe terms of different kinds of notes and the terms that may apply generally to the notes, including any notes you purchase. A separate pricing supplement will describe the terms that apply specifically to your notes, including any changes to the terms specified below. If the terms described in the relevant pricing supplement are inconsistent with those described in this product prospectus supplement or in the prospectus supplement or the prospectus, the terms described in the relevant pricing supplement will control.

Subject to the Bank's credit risk, unless otherwise set forth in the applicable pricing supplement, you will receive the principal amount of your notes at maturity. You may also receive periodic interest on the dates specified in the applicable pricing supplement. The amount of the interest payments, and any method by which they will be determined, will also be set forth in the applicable pricing supplement.

The notes will not be listed on any securities exchange, unless otherwise disclosed in a pricing supplement.

You should read this product prospectus supplement, any applicable pricing supplement, the prospectus supplement and the prospectus carefully before you invest in any of the notes.

Your investment in the notes involves certain risks. See Additional Risk Factors Specific to the Notes beginning on page PS-5 to read about investment risks relating to the notes. In addition, see Risk Factors beginning on page S-2 of the Prospectus Supplement and page 6 of the Prospectus. Unless otherwise specified in the relevant pricing supplement, the principal of the notes is not protected and you could lose some or all of your investment.

Neither the U.S. Securities and Exchange Commission (the SEC) nor any state securities regulator has approved or disapproved of the Notes, or determined if this Prospectus Supplement or the accompanying Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The price at which you purchase the notes includes hedging costs and profits and underwriting commissions that the Bank or its affiliates expect to incur or realize. These costs and profits will reduce the secondary market price, if any secondary market develops, for the notes. As a result, you will experience an immediate and substantial decline in the value of your notes on the issue date.

The notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada) or by the United States Federal Deposit Insurance Corporation or any other Canadian or U.S. governmental agency or instrumentality.

The Bank may sell the notes directly or through one or more agents or dealers. The agents are not required to sell any particular amount of the notes. See Supplemental Plan of Distribution in this product prospectus supplement and in the prospectus supplement and Plan of Distribution in the prospectus.

The Bank may use this product prospectus supplement in the initial sale of any notes. In addition, Scotia Capital (USA) Inc. or any other affiliate of the Bank may use this product prospectus supplement and accompanying prospectus supplement and prospectus in a market-making or other transaction in any note after its initial sale. ***Unless the Bank or its agent informs the purchaser otherwise in the confirmation of sale or pricing supplement, this product prospectus supplement and accompanying prospectus supplement and prospectus are being used in a market-making transaction.***

Scotia Capital

Product Prospectus Supplement dated December 28, 2012.

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No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in this product prospectus supplement, the accompanying prospectus supplement, prospectus or any pricing supplement and, if given or made, such information or representation must not be relied upon as having been authorized by The Bank of Nova Scotia or the agents. This product prospectus supplement, the accompanying prospectus supplement, prospectus and any pricing supplement do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities described in the relevant pricing supplement nor do they constitute an offer to sell or a solicitation of an offer to buy the securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The delivery of this product prospectus supplement, the accompanying prospectus supplement, prospectus and any pricing supplement at any time does not imply that the information they contain is correct as of any time subsequent to their respective dates. *In this product prospectus supplement, when reference is made to the notes, including your notes, it is to the notes described in this product prospectus supplement unless the context requires otherwise. Also, references to the prospectus means the prospectus, dated December 28, 2012, as supplemented by the product prospectus supplement, dated December 28, 2012, of The Bank of Nova Scotia. References to the relevant pricing supplement or the applicable pricing supplement mean the pricing supplement that describes the specific terms of your notes.*

Unless otherwise specified, in this product prospectus supplement and in each pricing supplement relating to notes issued under the senior note program:

all dollar amounts are expressed in U.S. dollars;

the Bank , we , us and our mean The Bank of Nova Scotia together, where the context requires, with its subsidiaries; and

you , your and holder means a prospective purchaser or a purchaser of notes, or a beneficial or registered holder of notes, provided that a reference to registered holder means a registered holder of notes (see Legal Ownership and Book Entry Issuance and Description of the Debt Securities We May Offer in the prospectus and Global Notes under the heading Description of the Notes in the prospectus supplement).

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SUMMARY

The information in this Summary section is qualified by the more detailed information set forth in this product prospectus supplement, the prospectus supplement, as well as the relevant pricing supplement.

Issuer:	The Bank of Nova Scotia (the Bank).
Principal Amount:	As specified in the applicable pricing supplement.
Maturity Date:	As specified in the applicable pricing supplement.
Interest Rate:	As specified in the applicable pricing supplement.
Leverage Rate:	As specified in the applicable pricing supplement.
Reference Rate(s):	As specified in the applicable pricing supplement.
Reference Rate Range(s):	As specified in the applicable pricing supplement.
Initial Interest Period(s):	As specified in the applicable pricing supplement.
Subsequent Interest Period(s):	As specified in the applicable pricing supplement.
Type of Note:	As specified in the applicable pricing supplement.
Interest Determination Dates and Interest Reset Dates:	Unless otherwise set forth in the applicable pricing supplement, as set forth in the accompanying prospectus supplement.
Interest Payment Dates:	On the date or dates specified in the applicable pricing supplement; <i>provided</i> that if any such day is not a business day, that interest payment will be made on the next succeeding business day, and adjustment will be made to the interest period or to any interest payment made on any succeeding business day. The applicable pricing supplement may specify that the interest dates are monthly, quarterly, semi-annually, annually, or at other specified intervals, or that interest will be paid only at maturity.
Interest Payable:	<p>For any interest payment date (as specified in the applicable pricing supplement), you will receive:</p> <p>If your note is an accrual note, you will receive at maturity an amount equal to the fixed rate of interest (or other financial measure) specified in the applicable pricing supplement times the actual number of calendar days from and including the date of issue to but excluding the maturity date, assuming a calendar of twelve 30-day months, <i>divided by</i> 360 and compounded on the basis specified in the applicable pricing supplement.</p> <p>If your note is a fixed rate note, you will receive on each interest payment date (as specified in the applicable pricing supplement) an amount equal to the fixed rate of interest (or other financial measure) specified in the applicable pricing supplement <i>times</i> the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case, assuming a calendar of twelve 30-day months, divided by 360.</p>

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If your note is a **step up note**, you will receive on each interest payment date (as specified in the applicable pricing supplement) an amount equal to the applicable fixed rate of interest (or other financial measure) specified in the applicable pricing supplement for that period *times* the actual number, of calendar days from and including the last interest payment date (or the date of issue for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case assuming a calendar of twelve 30-day months, divided by 360.

If your note is a **floating rate note**, you will receive on each interest payment date an amount equal to the floating rate of interest (or other financial measure) specified in the applicable pricing supplement *times* the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case assuming a calendar of twelve 30-day months, divided by 360.

If your note is a **fixed-to-floating rate note**, the return on your note during the initial interest period will be the fixed rate of interest (or other financial measure), and during the subsequent interest period, the floating rate of interest (or other financial measure), all as specified in the applicable pricing supplement. During each period, you will receive on each interest payment date (as specified in the applicable pricing supplement) an amount equal to the fixed or floating rate of interest (or other financial measure), as applicable, *times* the actual number of calendar days from and including the last interest payment date (or the date of issue for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case, assuming a calendar of twelve 30-day months, divided by 360.

If your note is a **floating-to-fixed rate note**, the return on your note during the initial interest period will be the floating rate of interest (or other financial measure), and during the subsequent interest period, the fixed rate of interest (or other financial measure), all as specified in the applicable pricing supplement. During each period, you will receive on each interest payment date an amount equal to the floating or fixed rate of interest (or other financial measure), as applicable, *times* the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case, assuming a calendar of twelve 30-day months, divided by 360.

If your note is an **inverse floating rate note**, you will receive on each interest payment date (as specified in the applicable pricing supplement) an amount equal to the difference, if positive, equal to a fixed rate of interest less the floating rate of interest (or other financial measure), each as specified in the applicable pricing supplement, *times* the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case assuming a calendar of twelve 30-day months, divided by 360.

If your note is a **leveraged note**, you will receive on each interest payment date an amount equal to the fixed or floating rate of interest (or other financial measure) *times* the leverage rate, each as specified in the applicable pricing supplement, *times*

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the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case assuming a calendar of twelve 30-day months, divided by 360.

If your note is a **range accrual note**, you will receive on each interest payment date a fixed or floating rate of interest (or other financial measure) specified in the applicable pricing supplement times a fraction, the numerator of which is the number of calendar days in the applicable interest period on which the reference rate is within the reference rate range, and the denominator of which is the total number of calendar days in the applicable interest period, in each case assuming a calendar of twelve 30-day months, divided by 360. The reference rate on any non-business day will be equal to the rate on the immediately preceding business day, and for the last four business days before each interest payment date, the reference rate will be determined by reference to its level on the fifth business day before such interest payment date.

If your note is a **dual range accrual note**, you will receive on each interest payment date the fixed or floating rate of interest (or other financial measure) specified in the applicable pricing supplement, times a fraction, the numerator of which is the number of calendar days in the applicable interest period on which each of two specified reference rates are within the reference rate range(s), and the denominator of which is the total number of calendar days in the applicable interest period, in each case assuming a calendar of twelve 30-day months, divided by 360. The reference rates on any non-business day will be equal to the rates on the immediately preceding business day, and for the last four business days before each interest payment date, the reference rates will be determined by reference to their level on the fifth business day before such interest payment date.

If your note is a **non-inversion range accrual note**, you will receive on each interest payment date a fixed or floating rate of interest (or other financial measure) specified in the applicable pricing supplement times a fraction, the numerator of which is the number of calendar days in the applicable interest period on which the high-side reference rate exceeded the low-side reference rate (each as defined below) by an amount equal to or above the minimum spread level (as defined below) specified in the applicable pricing supplement, and the denominator of which is the total number of calendar days in the applicable interest period, in each case assuming a calendar of twelve 30-day months, divided by 360. The reference rate on any non-business day will be equal to the rate on the immediately preceding business day and, for the last four business days before each interest payment date, the low-side reference rate and the high-side reference rate will be determined by reference to their levels on the fifth business day (or, if not a business day, the immediately preceding business day) before such interest payment date.

If your note is a **leveraged steepener note**, you will receive on each interest payment date (as specified in the applicable pricing supplement) an amount equal to, during the initial interest period (if the applicable pricing supplement provides for an initial interest period), the initial rate of interest (or other financial measure) specified in the applicable pricing supplement (which will be a fixed rate), times the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case assuming a calendar of twelve 30-day months, divided by 360. During each subsequent interest period (or, if the applicable pricing supplement does not provide for an initial interest period, on each

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interest payment date during the term of the notes), you will receive an amount equal to the leverage factor times the difference between the high-side reference rate and the low-side reference rate (all as specified in the applicable pricing supplement), times the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, in each case assuming a calendar of twelve 30-day months, divided by 360; provided, however, that the interest rate can never be less than 0.00% and that the interest rate on any non-business day will be equal to the interest rate on the immediately preceding business day.

Payment at Maturity:

On the maturity date, you will receive the principal amount of your notes plus any accrued and unpaid interest.

Redemption:

If the applicable pricing supplement specifies that the notes are Redeemable, we will redeem the notes at a price equal to 100% of the principal amount plus accrued and unpaid interest to the redemption date on any payment date on or after the Call Effective Date specified in the applicable pricing supplement. If the applicable pricing supplement specifies that the notes are Not Redeemable, then we will not have the option to redeem your notes prior to maturity.

Put Option:

Except for the survivor's option, you will only have the right to require us to repurchase your notes prior to maturity if so specified in the applicable pricing supplement.

Cap:

If the applicable pricing supplement specifies that the notes are Capped, the interest rate payable on your notes during any interest period will be the lesser of (a) the interest rate, determined as set forth in the pricing supplement and (b) the applicable Cap.

Survivor's Option:

If the applicable pricing supplement specifies that the survivor's option applies to your notes, then upon the death of the beneficial owner of a note, a valid exercise of the survivor's option and the proper tender of that note for repayment, we will repay the note, in whole or in part, at a price equal to 100% of the principal amount of that note plus any accrued and unpaid interest to the payment date, subject to the limitations set forth below. See General Terms of the Notes Survivor's Option below.

Clearance and Settlement:

DTC global (including through its indirect participants Euroclear and Clearstream, Luxembourg as described under Legal Ownership and Book-Entry Issuance in the accompanying prospectus).

Listing:

The notes will not be listed on any securities exchange, unless otherwise disclosed in the applicable pricing supplement.

Calculation Agent:

Scotia Capital Inc.

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ADDITIONAL RISK FACTORS SPECIFIC TO THE NOTES

*An investment in your notes is subject to the risks described below, as well as the risks described under **Risk Factors** in the prospectus and the prospectus supplement. Your notes are not secured debt and are riskier than ordinary unsecured debt securities. You should carefully consider whether the notes are suited to your particular circumstances. This product prospectus supplement should be read together with the prospectus, the prospectus supplement and the relevant pricing supplement. The information in the prospectus and prospectus supplement is supplemented by, and to the extent inconsistent therewith replaced and superseded by, the information in this product prospectus supplement and the relevant pricing supplement. **This section describes the most significant risks relating to the terms of the notes. We urge you to read the following information about these risks, together with the other information in this product prospectus supplement and the prospectus, the prospectus supplement and the relevant pricing supplement, before investing in the notes.***

The Interest Rate of Certain Types of Notes Is Not Certain for One or More Interest Periods, and May Be Zero or Very Low.

Except for any interest periods, if any, in which your notes will bear interest at a fixed rate, the interest rate for one or more interest periods during the term of the notes will not be known on the pricing date of your notes. Depending on the terms set forth in the applicable pricing supplement, it is possible that the applicable interest rate for one or more interest periods may be 0%, or if the rate is above 0%, it may be substantially less than the rate of interest that we would pay on conventional debt securities with a comparable term. You should carefully read the terms of the notes that will be set forth in the applicable pricing supplement in order to determine the extent to which the interest rate on your notes during any period may be so limited.

If the reference rate(s) remain(s) outside the reference rate range(s) for range accrual notes, dual range accrual notes or non-inversion range accrual notes for a substantial number of days during an interest period, the effective yield on the notes for that interest period may be zero or less than the rate payable on conventional, fixed-rate notes of comparable maturity.

Even if your yield on the notes is positive, and even if your notes have a specified fixed rate of interest for one or more interest periods, your total yield may be less than the yield you would earn if you bought a standard senior non-callable debt security of the Bank with the same maturity date. The return on your investment may not compensate you for the opportunity cost when you take into account factors, such as inflation, that affect the time value of money.

Depending on the terms of your notes, you should, therefore, be prepared to realize no return at maturity over the principal amount of your notes.

Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes.

The notes are the Bank's senior unsecured debt securities and are not, either directly or indirectly, an obligation of any third party. As a result, your receipt of each interest payment, if any, and the amount due on the maturity date is dependent upon the Bank's ability to repay its obligations as of each payment date. Any payment to be made on the notes, including any repayment of principal at maturity, depends on the ability of the Bank to satisfy its obligations as they come due. No assurance can be given as to what our financial condition will be at any time during the term of the notes, or at maturity.

Your Notes May Be Subject to Early Redemption.

Depending upon the terms of your notes, we may have the right to redeem them, or the notes may be automatically redeemable under some circumstances. If we have the right to redeem them, we will be more likely to do so as the rate of interest payable on your notes increases. If we redeem your notes, depending on the market conditions at the time of redemption, you may not be able to reinvest the redemption proceeds in a security with a comparable return.

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For Range Accrual Notes, Dual Range Accrual Notes and Non-Inversion Range Accrual Notes, the Applicable Reference Rate(s) for the Last Four Business Days of an Interest Period Will Be the Reference Rate(s) on the Applicable Business Day Immediately Preceding Those Four Days.

For range accrual notes, dual range accrual notes and non-inversion range accrual notes, because the applicable reference rate(s) for the last five business days of an interest period will be the reference rate(s) on the ending reference rate date (as defined below), if the reference rate(s) on that date is (are) outside the reference rate range(s), you will not receive any interest in respect of those five days even if the reference rate(s), if actually calculated on any of those days, would be within the reference rate range(s).

There May Not Be an Active Trading Market for the Notes - Sales in the Secondary Market May Result in Significant Losses.

There may be little or no secondary market for the notes. The notes will not be listed on any securities exchange, unless otherwise disclosed in the applicable pricing supplement. Scotia Capital (USA) Inc. and other affiliates of the Bank may make a market for the notes; however, they are not required to do so. Scotia Capital (USA) Inc. or any other affiliate of the Bank may stop any market-making activities at any time. Even if a secondary market for the notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your notes in any secondary market could be substantial. **If you sell your notes before maturity, you may have to do so at a substantial discount from the issue price, and as a result, you may suffer substantial losses.**

You Must Rely on Your Own Evaluation of the Merits of an Investment Linked to the Applicable Reference Rate(s).

In the ordinary course of their business, we or our affiliates may have expressed views on expected movements in any reference rate, and may do so in the future. These views or reports may be communicated to our clients and clients of our affiliates. However, these views are subject to change from time to time. Moreover, other professionals who transact business in markets relating to any reference rate may at any time have significantly different views from those of us or our affiliates. For these reasons, you are encouraged to derive information concerning any applicable reference rate from multiple sources, and you should not rely solely on views expressed by us or our affiliates.

The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors.

The following factors, which are beyond our control, may influence the market value of your notes:

Changes in the level of the reference rate(s). For example, if you purchase range accrual notes, an increase in the level of the reference rate could cause a decrease in the market value of the notes because no interest will be payable on the notes if the reference rate is outside the reference rate range. Conversely, a decrease in the level of the reference rate for any of the notes could cause an increase in the market value of the notes because interest will be payable (provided that the reference rate does not decrease below the lower end of the reference rate range). However, if the level of the reference rate decreases and remains low, the likelihood of the notes being redeemed (if the notes are redeemable) would increase. In all cases, the level of the reference rate itself will be influenced by complex and interrelated political, economic, financial and other factors that can affect the money markets generally and the London interbank market or other applicable market in particular.

Changes in U.S. interest rates. In general, if U.S. interest rates increase, the market value of the notes may decrease, and if U.S. interest rates decrease, the market value of the notes may increase.

Volatility of the reference rate. Depending on the terms of your notes, if the size and frequency of fluctuations of the reference rate changes, the market value of the notes may decrease.

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These factors may influence the market value of your notes if you sell your notes before maturity. Our creditworthiness, as represented by our credit ratings or as otherwise perceived in the market, will also affect the market value of your notes. If you sell your notes prior to maturity, you may receive less and possibly substantially less, than the principal amount of your notes.

The Method Used by the Publisher of a Reference Rate May Change in the Future.

The publisher of one or more of the reference rates for your notes may change the manner in which a reference rate is calculated. Any such changes could occur after the issue date of your notes, and may decrease the amounts of the payments that you receive on the notes. Unless otherwise set forth in the applicable pricing supplement, we will not have any obligation to compensate you for any reductions of this kind.

For Certain Types of Notes, the Interest Rate Payable During the Initial Interest Period May Not Be Indicative of the Interest Rate Payable During the Subsequent Interest Period.

The interest rate of certain notes that we may offer with this product prospectus supplement, may be based on a different rate during the initial interest period than in subsequent interest periods. In particular, during the interest period(s) where a fixed rate of interest (or other financial measure) applies, this fixed rate of interest (or other financial measure) may be higher than the floating rate of interest (or other financial measure) that will be applicable during subsequent interest period(s). As noted above, the interest rate during the any interest period where a floating rate of interest is applicable is uncertain and could be as little as 0.0%.

The Interest Rate on the Notes, if the Notes are Capped, Will Be Limited.

If the applicable pricing supplement specifies that your notes are Capped, the interest rate payable on your notes during any period will be limited to the Cap specified in the applicable pricing supplement. Therefore, the return you receive during any interest period may be less than what you would have received had you invested in a security linked to the reference rate that was not subject to the Cap.

The Inclusion in the Purchase Price of the Notes of an Underwriting Commission and of Our Cost of Hedging Our Market Risk under the Notes is Likely to Adversely Affect the Market Value of the Notes.

The price at which you purchase the notes includes an underwriting commission, as well as the costs that we (or one of our affiliates) may incur in the hedging of our market risk under the notes. The hedging costs include the expected cost of undertaking this hedge, as well as the profit that we (or our affiliates) expect to realize in consideration for assuming the risks inherent in providing the hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your notes prior to maturity will likely be less than your original purchase price.

Trading Activities by The Bank or its Affiliates May Adversely Affect the Market Value of the Notes.

As described below under Use of Proceeds and Hedging, we or one or more affiliates may but are not required to, hedge our obligations under the notes by purchasing securities, futures, options or other derivative instruments with returns linked or related to changes in the level of the reference rate, and we may adjust these hedges by, among other things, purchasing or selling securities, futures, options or other derivative instruments at any time. There can be no assurance that any hedging transaction we or our affiliates may undertake with respect to our exposure under the notes will be successful or will be maintained over the term of the notes. It is possible that we or one or more of our affiliates could receive substantial returns from these hedging activities while the market value of the notes declines. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the applicable reference rate. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

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Historical Levels of the Reference Rate(s) Should Not Be Taken as an Indication of the Future Levels of Such Rate(s).

The historical performance of the reference rate(s), which may be included in the applicable pricing supplement, should not be taken as an indication of the future performance of the reference rate(s) during the term of the notes. Changes in the level of the reference rate(s) will affect the trading price of the notes, but it is impossible to predict whether the level of the reference rate(s) will rise or fall.

The Business Activities of The Bank or Its Affiliates May Create Conflicts of Interest.

As noted above, we and our affiliates expect to engage in trading activities related to the reference rate(s) that are not for the account of holders of the notes or on their behalf. These trading activities may present a conflict between the holders' interest in the notes and the interests we and our affiliates will have in our or their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities could be adverse to the interests of the holders of the notes.

There Are Potential Conflicts of Interest Between You and the Calculation Agent.

The calculation agent will, among other things, decide the amount of your payment for any interest payment date on the notes. Our affiliate, Scotia Capital Inc., will serve as the calculation agent. We may change the calculation agent after the original issue date without notice to you. For additional information as to the calculation agent's role, see General Terms of the Notes Role of Calculation Agent. The calculation agent will exercise its judgment when performing its functions and may take into consideration the Bank's ability to unwind any related hedges. Since this discretion by the calculation agent may affect payments on the notes, the calculation agent may have a conflict of interest if it needs to make any such decision.

Significant Aspects of the Tax Treatment of the Notes May Be Uncertain.

The tax treatment of the notes may be uncertain. Specifically, for U.S. federal income tax purposes, the tax treatment of range accrual notes, dual range accrual notes, non-inversion range accrual notes, floating rate notes, leveraged steepener notes and leveraged notes, with a term of one year or less is uncertain because there are no rules that specifically govern short-term contingent debt. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service, Canadian tax authorities or a court may not agree with the tax treatment described in this product prospectus supplement.

In addition, because the tax disclosure in this product prospectus supplement has been prepared without regard to any particular offering of notes, the tax disclosure does not take into account the terms of any particular note. The U.S. federal income tax consequences of a note with terms that are not consistent with the assumptions made in the section entitled Supplemental Discussion of U.S. Federal Income Tax Consequences in this product prospectus supplement may be significantly different from the anticipated tax treatment discussed in this document. You should therefore not rely on the disclosure in this product prospectus supplement or the disclosure under Certain Income Tax Consequences United States Taxation in the prospectus supplement, with regard to an investment in any particular note because it does not take into account the terms of any particular note or the tax consequences of investing in or holding any particular note unless the pricing supplement applicable to your notes indicates that you may so rely. There may also be other features or terms of any specific offering of notes that will cause the tax section in this product prospectus supplement to be inapplicable to any specific offering of notes.

Please read carefully the sections entitled Supplemental Discussion of U.S. Federal Income Tax Consequences in this product prospectus supplement and the section entitled Certain Income Tax Consequences in the prospectus supplement. You should consult your tax advisor about your own tax situation.

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U.S. Taxpayers Will be Required to Pay Taxes Each Year on Notes that Are Treated as Contingent Payment Debt Instruments and Notes that Are Issued with Original Issue Discount

If the notes are subject to special rules governing contingent payment debt instruments for U.S. federal income tax purposes and the holder is a U.S. individual or taxable entity, that holder generally will be required to pay taxes on ordinary income over the term of such notes based on the comparable yield for the notes, even though that holder may not receive any payments from us until maturity. This comparable yield is determined solely to calculate the amounts a holder will be taxed on prior to maturity and is neither a prediction nor a guarantee of what the actual yield will be. Any gain that may be recognized on the sale, redemption or maturity of such notes will generally be ordinary income. Any loss that may be recognized upon the sale, redemption or maturity of such notes will generally be ordinary loss to the extent of the interest that the holder included as income in the current or previous taxable years in respect of the notes and thereafter will be capital loss. The deductibility of capital losses is subject to limitations.

Similarly, if the notes are treated as issued with original issue discount, U.S. holders will be required to accrue interest on the notes and pay tax accordingly, even though such holders may not receive any payments from us until maturity. For further discussion, see Supplemental Discussion of U.S. Federal Income Tax Consequences.

Non-U.S. Investors May Be Subject to Certain Additional Risks.

The notes will be denominated in U.S. dollars. If you are a non-U.S. investor who purchases the notes with a currency other than U.S. dollars, changes in rates of exchange may have an adverse effect on the value, price or returns of your investment.

This product prospectus supplement contains a general description of certain U.S. tax considerations and certain Canadian tax considerations relevant to Non-Resident Holders (as defined) relating to the notes. If you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of the notes and receiving the payments that might be due under the notes.

Considerations for Employee Benefit Plans.

This section is relevant only if you are a fiduciary within the meaning of Section 3(21) of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA) (including an insurance company and any fund manager treated as a fiduciary under the U.S. Department of Labor's Regulations Section 2510.3-101 as modified by Section 3(42) of ERISA (the Plan Asset Regulation) of a pension or employee benefit plan (as defined in Section 3(3) of ERISA), including certain governmental, church and non-U.S. plans and IRAs and Keogh plans. These persons should consult with their counsel regarding the deemed representations they are required to make. See Certain Considerations for Employee Benefit Plans on page PS-31.

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GENERAL TERMS OF THE NOTES

*Please note that in this section entitled **General Terms of the Notes**, references to **holders** mean those who own notes registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes registered in street name or in notes issued in book-entry form through The Depository Trust Company (**DTC**) or another depository. Owners of beneficial interests in the notes should read the section entitled **Legal Ownership and Book-Entry Issuance** in the prospectus.*

In addition to the terms described in the **Summary** section above, the following general terms will apply to the notes, including your notes:

Specified Currency

Unless otherwise specified in the relevant pricing supplement, all payments, if any, on the notes will be made in U.S. dollars (\$).

Form and Denomination

The notes will be issued only in global form through DTC. Unless otherwise specified in the relevant pricing supplement, the notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000.

No Listing

Your notes will not be listed or displayed on any securities exchange or included in any interdealer market quotation system, unless otherwise disclosed in the applicable pricing supplement.

Redemption

If the applicable pricing supplement specifies that the notes are **Redeemable**, we may redeem your notes at a price equal to 100% of the principal amount plus accrued and unpaid interest to the redemption date on any payment date on or after the **Call Effective Date** specified in the applicable pricing supplement. If the applicable pricing supplement specifies that the notes are **Not Redeemable**, then we will not have the option to redeem your notes.

Cap

If the applicable pricing supplement specifies that the notes are **Capped**, the interest rate payable on your notes during any interest period will be limited to the **Cap** specified in the applicable pricing supplement.

Defeasance, Default Amount, Other Terms

Neither full defeasance nor covenant defeasance will apply to your notes. The following will apply to your notes:

the default amount payable on any acceleration of the maturity of your notes as described under **Default Amount on Acceleration** below; and

a business day for your notes will have the meaning described under **Special Calculation Provisions** below.

Please note that the information about the settlement or pricing date, issue price discounts or commissions and net proceeds to the Bank in the relevant pricing supplement relates only to the initial issuance and sale of your notes. If you have purchased your notes in a market-making transaction after the initial issuance and sale, any such relevant information about the sale to you will be provided in a separate confirmation of sale.

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Payment at Maturity

At maturity, unless otherwise set forth in the applicable pricing supplement, you will receive the principal amount of your notes, plus accrued and unpaid interest, if any, as described under **Interest Payments** below.

Maturity Date

The maturity date will be the date specified in the relevant pricing supplement, unless that date is not a business day, in which case the maturity date will be the next following business day, provided that the maturity date will never be later than the third business day after the relevant specified date or, if the relevant specified date is not a business day, later than the fourth business day after the relevant specified date. No interest will accrue past the maturity date specified in the relevant pricing supplement.

Interest Payments***General***

The notes, other than accrual notes, will bear interest from and including each interest payment date (or the issuance date of the notes, as applicable) to but excluding the following interest payment date (or the maturity date or redemption date of the notes, as applicable) (each, an interest period) calculated in accordance with the applicable formula below.

Accrual Notes:

Accrual notes do not pay interest during the term of the note. Interest compounds on the basis stated in the applicable pricing supplement at a rate calculated as follows:

$$\text{Interest rate} = R \times \left(\frac{N}{360} \right)$$

Where:

R is the reference rate (which will be a fixed rate) specified in the applicable pricing supplement; and

N is the total number of calendar days from and including the first date in the compounding period (or, in the case of the initial compounding period, the issue date) to but excluding the end of the compounding period (or, in the case of the final compounding period, the maturity date), assuming a calendar of twelve 30-day months.

Fixed Rate Notes:

$$\text{Interest rate} = R \times \left(\frac{N}{360} \right)$$

Where:

R is the reference rate (which will be a fixed rate) specified in the applicable pricing supplement; and

N is the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, assuming a calendar of twelve 30-day months.

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Step Up Notes:

$$\text{Interest rate} = R \times \left(\frac{N}{360} \right)$$

Where:

R is the reference rate for that interest period as specified in the applicable pricing supplement; and

N is the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, assuming a calendar of twelve 30-day months.

Floating Rate Notes:

$$\text{Interest rate} = R \times \left(\frac{N}{360} \right)$$

Where:

R is the reference rate (which will be a floating rate) specified in the applicable pricing supplement; and

N is the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, assuming a calendar of twelve 30-day months.

Fixed-to-Floating Rate Notes:

During the initial interest period:

$$\text{Interest rate} = R_1 \times \left(\frac{N}{360} \right)$$

During the subsequent interest period:

$$\text{Interest rate} = R_2 \times \left(\frac{N}{360} \right)$$

Where:

R₁ is the reference rate (which will be a fixed rate of interest) specified in the applicable pricing supplement;

R₂ is the reference rate (which will be a floating rate of interest or other financial measure) specified in the applicable pricing supplement; and

N is the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, assuming a calendar of twelve 30-day months.

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During the initial interest period:

$$\text{Interest rate} = R_1 \times \left(\frac{N}{360} \right)$$

During the subsequent interest period:

$$\text{Interest rate} = R_2 \times \left(\frac{N}{360} \right)$$

Where:

R_1 is the reference rate (which will be a floating rate of interest or other financial measure) specified in the applicable pricing supplement;

R_2 is the reference rate (which will be a fixed rate of interest) specified in the applicable pricing supplement; and

N is the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, assuming a calendar of twelve 30-day months.

Inverse Floating Rate Notes:

$$\text{Interest rate} = (F - R) \times \left(\frac{N}{360} \right)$$

Where:

F is the fixed rate of interest specified in the applicable pricing supplement;

R is the reference rate (which will be a floating rate) specified in the applicable pricing supplement; and

N is the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, assuming a calendar of twelve 30-day months.

Leveraged Notes:

$$\text{Interest rate} = R \times L \times \left(\frac{N}{360} \right)$$

Where:

R is the reference rate specified in the applicable pricing supplement;

L is the leverage rate specified in the applicable pricing supplement; and

N is the actual number of calendar days from and including the last interest payment date (or the date of issue, for the initial interest period) to but excluding the next interest payment date or the maturity date, as the case may be, assuming a calendar of twelve 30-day months.

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Range Accrual Notes: