

BANK OF NOVA SCOTIA /
Form SUPPL
June 10, 2011

The information in this preliminary product prospectus supplement is not complete and may be changed. This preliminary product prospectus supplement is not an offer to sell these securities nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Filed pursuant to General Instruction II.K
of Form F-9, File No. 333-174823**

SUBJECT TO COMPLETION

**Preliminary Product Prospectus Supplement To Short Form Prospectus
dated January 11, 2010 as amended by Amendment No. 1 dated June 10, 2011 and the Prospectus Supplement
dated June 10, 2011**

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This product prospectus supplement together with the short form prospectus dated January 11, 2010 as amended by Amendment No. 1 dated June 10, 2011 and the prospectus supplement dated June 10, 2011 to which it relates, as amended or supplemented, and each document incorporated by reference into this product prospectus supplement or the accompanying prospectus supplement or prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. Information has been incorporated by reference in this product prospectus supplement and the accompanying prospectus and prospectus supplement from documents filed with the Ontario Securities Commission. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Executive Vice-President, General Counsel and Secretary, The Bank of Nova Scotia, Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1, telephone: (416) 866-3672, and are also available electronically at www.sedar.com.

New Issue

June 10, 2011

**The Bank of Nova Scotia
Senior Notes Program, Series A**

EQUITY SECURITIES LINKED NOTES AND EXCHANGE TRADED FUND LINKED NOTES, SERIES A

The Bank of Nova Scotia (the Bank) may offer and sell equity securities linked notes and exchange traded fund linked notes (the notes) from time to time of any maturity. The prospectus dated January 11, 2010, as amended by amendment no. 1 dated June 10, 2011 (the prospectus), the prospectus supplement dated June 10, 2011 (the prospectus supplement) and this product prospectus supplement (the product prospectus supplement) describe terms that will 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 document or in the accompanying prospectus supplement or prospectus, the terms described in the relevant pricing supplement will control.

The notes are unsecured notes of the Bank linked to the performance of one or more equity securities (including American depository shares (ADSs)) or exchange traded funds (ETFs and each an ETF) (each, a Reference Asset) specified in the relevant pricing supplement. If the Reference Asset of your notes consists of more than one equity security or ETF (a Basket), we may refer to each applicable component of the Reference Asset as a Basket Component. Unless the relevant pricing supplement provides for the repayment of the initial principal amount, the payment at maturity on your notes will be based on the performance of the Reference Asset during the term of your notes. The notes are generally designed for investors who are seeking exposure to the Reference Asset and who anticipate that the level of the Reference Asset will increase (or, in the case of bearish notes, decrease) from its Initial Price to the Final Price on the applicable valuation date or dates. Unless the relevant pricing supplement indicates that the notes will be entitled to interest payments and principal protection, investors must be willing to forego interest payments on the notes and be willing to accept a return that may be negative, in which case you will receive at maturity less, and possibly significantly less, than your principal.

THE NOTES MAY NOT GUARANTEE ANY RETURN OF PRINCIPAL AT MATURITY. YOU MAY BE SUBJECT TO A RISK TO ALL OR A PORTION OF YOUR INVESTMENT IN THE NOTES, AS

DESCRIBED IN MORE DETAIL BELOW.

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

*Your investment in the notes involves certain risks. See **Additional Risk Factors Specific to the Notes** beginning on page PS-4 to read about investment risks relating to the notes. 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.*

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 Bank is permitted, under a multi-jurisdictional disclosure system adopted by the United States and Canada, to prepare this product prospectus supplement and the accompanying prospectus supplement and prospectus in accordance with the disclosure requirements of Canada. Prospective investors should be aware that such requirements are different from those of the United States. The financial statements included or incorporated herein have been prepared in accordance with Canadian generally accepted accounting principles, and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors should be aware that the acquisition of the notes described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of the United States may not be described fully herein.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Bank is a Canadian bank, that many of its officers and directors, and some of the experts named in this product prospectus supplement, may be residents of Canada and that all or a substantial portion of the assets of the Bank and such persons may be located outside the United States.

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 product prospectus supplement or the accompanying prospectus supplement or prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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.

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.*

In compliance with applicable Canadian securities laws, the Bank has filed an undertaking with the Ontario Securities Commission that the Bank will not distribute any notes that are considered novel specified derivatives (as such terms are defined under applicable Ontario securities laws) at the time of distribution without preclearing with the Ontario Securities Commission the disclosure contained in the prospectus supplements or pricing supplements pertaining to such notes.

This product prospectus supplement does not constitute an offer of the notes, directly or indirectly, in Canada or to residents of Canada. The notes offered under this product prospectus supplement to purchasers outside of Canada are being qualified under the securities laws of the Province of Ontario. The notes will not be qualified for sale under the securities laws of any province or territory of Canada (other than the Province of Ontario).

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. government agency or instrumentality.

Unless otherwise indicated, all dollar amounts appearing in this product prospectus supplement are stated in U.S. dollars.

The head office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 and its executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario, M5H 1H1.

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Product Prospectus Supplement dated June 10, 2011.

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In this product prospectus supplement, references to the accompanying prospectus mean the accompanying prospectus, dated January 11, 2010, as amended by amendment no. 1 dated June 10, 2011, as supplemented by the accompanying prospectus supplement, dated June 10, 2011, of The Bank of Nova Scotia. References to the relevant 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 in the prospectus and Global Notes under the heading Description of the Notes in the prospectus supplement).

SUMMARY

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

Issuer:	The Bank of Nova Scotia (the Bank).
Issue:	Senior Notes, Equity Securities Linked Notes and Exchange Traded Fund Linked Notes, Series A.
Reference Asset or Basket:	As specified in the relevant pricing supplement.
Minimum Investment:	As specified in the relevant pricing supplement.
Denominations:	Unless otherwise specified in the relevant pricing supplement, the notes will be issued in denominations of \$1,000 and integral multiples in excess of \$1,000.
Interest Payable:	None, unless otherwise specified in the relevant pricing supplement.
Interest Rate (coupon):	If applicable, as specified in the relevant pricing supplement.
Interest Payment Dates:	If applicable, as specified in the relevant pricing supplement.
Principal Protected Notes:	The relevant pricing supplement will specify if your notes are principal protected notes. The amount payable in respect of principal protected notes on the maturity date will be at least equal to the principal amount of the notes, subject to the credit risk of the Bank.
Payment at Maturity:	Unless the relevant pricing supplement provides for repayment of the initial principal amount, the payment at maturity will be based on the performance of the Reference Asset, and will be calculated as follows:

Payment at Maturity in Excess of Principal

If the Final Price is **greater than or equal to** (or, in the case of bearish notes, **less than or equal to**) the Initial Price, then, at maturity, you will

receive an amount equal to:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change})$$

(a) If the relevant pricing supplement specifies that a **Participation Rate** is applicable to your notes, then the payment at maturity will be calculated as follows:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change} \times \text{Participation Rate})$$

(b) If the relevant pricing supplement specifies that a **Booster Coupon** is applicable to your notes:

1. If the Percentage Change is greater than the Booster Percentage, then the payment at maturity will equal:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change})$$

2. If the Percentage Change is greater than or equal to 0% but less than or equal to the Booster Percentage, then the payment at maturity will equal:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Booster Percentage})$$

(c) If the relevant pricing supplement specifies that a cap is applicable to your notes, then the payment at maturity will not exceed the Maximum Redemption Amount set forth in the relevant pricing supplement.

(d) If the relevant pricing supplement specifies that a **Digital Coupon** is applicable to your notes, then the payment at maturity will equal:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Digital Coupon})$$

Payment at Maturity Less Than or Equal to Principal

If the Final Price is **less than** (or, in the case of bearish notes, **greater than**) the Initial Price and the notes are not specified as principal protected notes in the relevant pricing supplement, then, at maturity, you will receive less than the principal amount of your notes, incurring a loss on your investment of principal. In such a case, the payment at maturity will equal:

$$\text{Principal Amount} + (\text{Principal Amount} \times \text{Percentage Change})$$

(a) If the relevant pricing supplement specifies that a **Buffer** is applicable to your notes:

1. If the Final Price is greater than or equal to (or, in the case of bearish notes, less than or equal to) the Buffer Level, then the payment at maturity will equal the principal amount of your notes.

2. If the Final Price is less than (or, in the case of bearish notes, greater than) the Buffer Level, then the payment at maturity will equal:

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Principal Amount + [Principal Amount × (Percentage Change + Buffer Percentage)]

(b) If the relevant pricing supplement specifies that a Barrier is applicable to your notes:

1. If no Barrier Event has occurred, or if a note is specified as principal protected in the relevant pricing supplement and a Barrier Event has occurred, then the payment at maturity will equal the principal amount of your notes.

2. If a Barrier Event has occurred and a note is not specified as being principal protected in the relevant pricing supplement, then the payment at maturity will equal:

Principal Amount + (Principal Amount × Percentage Change)

Percentage Change:

The Percentage Change, expressed as a percentage, is calculated as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$$

If your notes are bearish notes, the Percentage Change will be calculated as follows:

$$\frac{\text{Initial Price} - \text{Final Price}}{\text{Initial Price}}$$

For the avoidance of doubt, the Percentage Change may be a negative value.

Maximum Redemption Amount:

As specified in the relevant pricing supplement, if applicable.

Participation Rate:

As specified in the relevant pricing supplement, if applicable.

Booster Percentage:

A specified percentage increase (or, in the case of bearish notes, decrease) in the level of the Reference Asset. The Booster Percentage will be set forth in the relevant pricing supplement, if applicable.

Digital Coupon:

A percentage that will be specified in the applicable pricing supplement, if applicable.

Buffer Level:

A specified level of the Reference Asset that is less than (or, in the case of bearish notes, greater than) the Initial Price. The Buffer Level will be a percentage of the Initial Price and set forth in the relevant pricing supplement, if applicable.

Buffer Percentage:

A specified percentage that will be set forth in the relevant pricing supplement, if applicable. For example, if the Buffer Level is 90% of the Initial Price, the Buffer Percentage will be 10%.

Barrier Level:

A specified level of the Reference Asset that is less than (or, in the case of bearish notes, greater than) the Initial Price. The Barrier Level will be a percentage of the Initial Price and set forth in the relevant pricing supplement, if applicable.

Barrier Event:

Depending upon the terms set forth in the relevant pricing supplement, a Barrier Event will occur if:

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(i) the Final Price is less than (or, in the case of bearish notes, greater than) the Initial Price, and

(ii) (a) for notes subject to Intra-Day Monitoring, at any time during the Monitoring Period, the level of the Reference Asset is less than (or, in the case of bearish notes, greater than) the Barrier Level, or

(b) for notes subject to Close of Trading Day Monitoring, on any trading day during the Monitoring Period, the closing level of the Reference Asset is less than (or, in the case of bearish notes, greater than) the Barrier Level, or

(c) for notes subject to Final Valuation Date Monitoring, the Final Price is less than (or, in the case of bearish notes, greater than) the Barrier Level.

Monitoring Period: As specified in the relevant pricing supplement, if applicable.

Initial Price: As specified in the relevant pricing supplement.

Final Price: The closing level of the Reference Asset on the valuation date (if there is one valuation date applicable to the notes) or the arithmetic average of the closing levels of the Reference Asset on each of the valuation dates (if there is more than one valuation date applicable to the notes), or any other dates specified in the relevant pricing supplement.

Issue Date: As specified in the relevant pricing supplement.

Valuation Date(s): Unless otherwise specified in the relevant pricing supplement, the valuation date, or if there is more than one valuation date, the final valuation date, will be the third trading day prior to the maturity date, subject to extension for up to seven trading days for market disruption events.

Maturity Date: As specified in the relevant pricing supplement.

CUSIP: As specified in the relevant pricing supplement.

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 prospectus).

Listing: The notes will not be listed on any securities exchange or quotation system, unless otherwise described in a pricing supplement.

Calculation Agent: Scotia Capital Inc.

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. Also, investing in your notes is not equivalent to investing directly in the applicable Reference Asset. 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

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product prospectus supplement and the relevant pricing supplement. This section describes the most significant risks relating to the terms of the notes and assumes, for the purposes of the risk factors that follow, that the notes will not be principal protected. 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.

General Risks Relating to the Notes

Your Investment in the Notes May Result in a Complete Loss of Your Investment.

The notes do not guarantee any return of principal. The amount payable on the notes at maturity will depend primarily on the Percentage Change in the level of the Reference Asset from the Initial Price to the Final Price. Because the level of the Reference Asset will be subject to market fluctuations, the return on your notes at maturity may be less, and possibly significantly less, than the principal amount per note. In such case, if the Final Price is less than (or, in the case of bearish notes, greater than) the Initial Price (and, in the case of notes with a buffer, less than (or, in the case of bearish notes with a buffer, greater than) the Buffer Level) or a Barrier Event has occurred (as applicable), the return on your notes will be less than the principal amount per note. This will be the case even if the level of the Reference Asset is greater than (or, in the case of bearish notes, less than) the Initial Price at certain periods during the term of the notes. You may lose all or a substantial portion of the amount that you invested to purchase the notes.

The Buffer Level and Barrier Level Provide Only Limited Principal Protection.

You will receive the principal amount of your notes at maturity only if (i) in the case of notes with a buffer, the Final Price is greater than or equal to (or, in the case of bearish notes with a buffer, less than or equal to) the Buffer Level and (ii) in the case of notes with a barrier, a Barrier Event has not occurred. If the Final Price is less than (or, in the case of bearish notes, greater than) the Buffer Level or a Barrier Event has occurred, as applicable, you may lose some or all of your principal amount.

The Notes May Not Pay Interest and Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity.

Unless otherwise specified in the relevant pricing supplement, there will be no periodic interest payments on the notes as there would be on a conventional fixed-rate or floating-rate debt security having the same maturity. If your notes do pay interest, these interest payments may be capped or be based on a formula linked to changes in the Reference Asset that results in interest payments equalling zero. The return that you will receive on your notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of the Bank with the same maturity date or if you invested directly in the Reference Asset. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money.

Your Potential Payment at Maturity May Be Limited.

If your notes are subject to a cap or a Digital Coupon or a Participation Rate that is less than 100%, they will provide less opportunity to participate in the appreciation (or, in the case of bearish notes, depreciation) of the Reference Asset than an investment in a security linked to the Reference Asset providing full participation in the appreciation (or, in the case of bearish notes, depreciation), because the payment at maturity will not exceed the Maximum Redemption Amount or the principal amount plus Digital Coupon, as applicable, or because the payment at maturity date does not reflect at least 100% participation in the performance of the Reference Asset. Accordingly, your return on the notes may be less than your return would be if you made an investment in a security directly linked to the positive (or, in the case of bearish notes, negative) performance of the Reference Asset.

Owning the Notes Is Not the Same as Owning the Reference Asset or its Components or a Security Directly Linked To the Performance of the Reference Asset or its Components.

The return on your notes will not reflect the return you would realize if you actually owned the Reference Asset or its components or a security that provides full participation in the performance of the Reference Asset or its underlying components and held that investment for a similar period because:

your notes may be subject to a cap or Digital Coupon, or a Participation Rate of less than 100%; and

the value of the Reference Asset may be calculated by reference only to the prices of the applicable component stocks, without taking into consideration the value of any dividends paid on those stocks.

Your notes may trade or be valued quite differently from the Reference Asset. Changes in the level of the Reference Asset may not result in comparable changes in the market value of your notes. Even if the level of the Reference Asset increases (or, in the case of bearish notes, decreases) from the Initial Price during the term of the notes, the market value of the notes prior to maturity may not increase to the same extent. It is also possible for the market value of the notes prior to maturity to decrease while the level of the Reference Asset increases (or, in the case of bearish notes, decreases).

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 a 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 and as a result, you may not be able to sell your notes in the secondary market. 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.**

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:

the level of the Reference Asset, including, in the case of notes that have a buffer, whether the level of the Reference Asset trades or closes at a level below the Buffer Level or, in the case of notes that have a Barrier, whether a Barrier Event has occurred;

if your notes are subject to a cap or a Digital Coupon, your potential return on the notes will be limited;

if your notes are subject to a Participation Rate not equal to 100%, your potential return will not directly match the performance of the Reference Asset;

the volatility (i.e., the frequency and magnitude of changes) of the price or level of the Reference Asset;

the dividend rate on the applicable equity securities or component securities of applicable ETFs;

economic, financial, political, military, regulatory, legal and other events that affect the applicable securities markets generally and the U.S. markets in particular, and which may affect the level of the Reference Asset;

if the Reference Asset includes one or more equity securities that have returns that are calculated based upon currencies other than the U.S. dollar or prices in one or more non-U.S. markets, changes in, and the volatility of, the exchange rates between the U.S. dollar and the relevant non-U.S. currency or currencies could have a negative impact on the payments due on your notes and their market value;

interest and yield rates in the market; and

the time remaining to maturity of the notes.

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 substantially less than 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 the amount due on the maturity date is dependent upon the Bank's ability to repay its obligations at that time. This will be the case even if the level of the Reference Asset increases (or, in the case of bearish notes, decreases) after the pricing 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 whether or not the relevant pricing supplement specifies the notes are principal protected. No assurance can be given as to what our financial condition will be at the maturity of the notes.

If Your Notes Are Linked to a Basket, Changes in the Level of One or More Basket Components May Be Offset by Changes in the Level of One or More Other Basket Components.

Your notes may be linked to a Basket. In such a case, a change in the levels of one or more Basket Components may not correlate with changes in the levels of one or more other Basket Components. The level of one or more Basket Components may increase, while the level of one or more other Basket Components may not increase as much, or may even decrease. The opposite changes may occur in the case of bearish notes. Therefore, in determining the level of the Basket as of any time, increases (or, in the case of bearish notes, decreases) in the level of one Basket Component may be moderated, or wholly offset, by lesser increases or decreases (or, in the case of bearish notes, lesser decreases or increases) in the level of one or more other Basket Components. If the weightings of the applicable Basket Components are not equal, changes in the level of the Basket Components which are more heavily weighted could have a disproportionately adverse impact upon your notes.

The Amount to Be Paid at Maturity Will Not Be Affected by All Developments Relating to the Reference Asset.

Changes in the level of the Reference Asset during the term of the notes before the relevant valuation date or valuation dates will not be reflected in the calculation of the payment at maturity, unless the level of the Reference Asset trades or closes below (or, in the case of bearish notes, above) the Barrier Level, as applicable. The calculation agent will calculate this amount by comparing only the Final Price to the Initial Price (or the Buffer Level, as applicable) and, in the case of notes that have a barrier, by comparing the trading level or closing level of the Reference Asset during the Monitoring Period or on the valuation date(s), as applicable, to the Barrier Level. No other levels of the Reference Asset will be taken into account. As a result, you may receive less than the principal amount of your notes, even if the level of the Reference Asset has increased (or, in the case of bearish notes, decreased) at certain times during the term of the notes before decreasing to a level below (or, in the case of bearish notes, increasing to a level above) the Initial Price (or Buffer Level, as applicable) and, if applicable, below (or, in the case of bearish notes, above) the Barrier Level as of the relevant dates.

We Will Not Hold Any Asset Comprising the Reference Asset for Your Benefit.

The indenture and the terms governing your notes do not contain any obligation on us or our affiliate to hedge nor any restriction on our ability or the ability of any of our affiliates to sell, pledge or otherwise convey all or any portion of the securities that may comprise the Reference Asset that we or they may acquire. Neither we nor our affiliates will pledge or otherwise hold any assets for your benefit, including any Reference Asset or its components. Consequently, in the event of our bankruptcy, insolvency or liquidation, any of those assets that we own will be subject to the claims of our creditors generally and will not be available for your benefit specifically.

The Market Value of Your Notes Will Likely Decline at an Accelerated Rate as the Level of the Reference Asset Approaches and Drops Below (or, in the Case of Bearish Notes, Rises Above) the Barrier Level.

If your notes have a barrier, when the trading level or closing level, as applicable, of the Reference Asset on any trading day declines (or, in the case of bearish notes, rises) from the Initial Price to a level near the Barrier Level for the first time, the market value of the notes will likely decline at a greater rate than the decrease (or, in the case of bearish notes, increase) in the level of the Reference Asset. If the level of the Reference Asset is near or below (or, in the case of bearish notes, above) the Barrier Level, we expect the market value of the notes to decline to reflect the fact that investors may receive less than their principal amount at maturity.

You Must Rely on Your Own Evaluation of the Merits of an Investment Linked to the Reference Asset.

In the ordinary course of their business, we or our affiliates may have expressed views on expected movements in any Reference Asset or its components, 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 Asset or its components 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 the applicable Reference Asset or its components from multiple sources, and you should not rely solely on views expressed by us or our affiliates.

The Initial Price may be Determined after the Pricing Date of the Notes.

If so specified in the relevant pricing supplement, the Initial Price will be determined based on the arithmetic average of the closing levels of the Reference Asset on certain specified dates. One or more of these days may occur on or following the pricing date or the issue date of the notes; as a result, the Initial Price may not be determined, and you may therefore not know such value, until after the issue date. If there are any increases (or in the case of bearish notes, decreases) in the closing levels of the Reference Asset on any relevant dates used to determine the Initial Price that occur after the pricing date, and such increases (or decreases) result in the Initial Price being higher (or in the case of bearish notes, lower) than the closing level on the pricing date, this may establish higher levels (or in the case of bearish notes, lower levels) that the Reference Asset must achieve for you to attain a positive return on your investment or to avoid a loss of principal at maturity.

Trading and Other Transactions by the Bank or its Affiliates in the Reference Asset or Its Components, Futures, Options, Exchange-Traded Funds or Other Derivative Products 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 or selling the Reference Asset or its components, futures or options on the Reference Asset or its components, or exchange-traded funds or other derivative instruments with returns linked or related to changes in the performance of the Reference Asset or its components. We or our affiliates may adjust these hedges by, among other things, purchasing or selling those assets at any time. Although they are not expected to, any of these hedging activities may adversely affect the level of the Reference Asset or its components, and, therefore, the market value 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 decreases.

We or one or more of our affiliates may also engage in trading in the Reference Asset or its components and other investments relating to those assets on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could adversely affect the level of the Reference Asset or its components and, therefore, the market value of the notes. 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 Reference Asset or its components. 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.

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) expect to 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 and possibly substantially less than your original purchase price. We expect that this effect will be greater if such sale occurs earlier in the term of the notes than if such sale occurs later in the term of the notes.

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 Asset or its components 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' interests 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, if they influence the level of the Reference Asset or its components, could be adverse to the interests of the holders of the notes. We and one or more of our affiliates may, at present or in the future, engage in business with the issuers of the equity securities included in a Reference Asset, or the issuers of component stocks of any ETF that is included in the Reference Asset, including making loans to or providing advisory services to those companies. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between our or one or more of our affiliates' obligations and your interests as a holder of the notes. Moreover, we and our affiliates may have published, and in the future expect to publish, research reports with respect to the Reference Asset or its components. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the notes. Any of these activities by us or one or more of our affiliates may affect the level of the Reference Asset or its components and, therefore, the market value of the notes.

The Calculation Agent Can Postpone the Determination of the Final Price if a Market Disruption Event Occurs.

The determination of an interim level or the Final Price may be postponed if the calculation agent determines that a market disruption event has occurred or is continuing on any valuation date with respect to the Reference Asset. If such a postponement occurs, the calculation agent will use the closing level of the Reference Asset on the first subsequent business day on which no market disruption event occurs or is continuing. In no event, however, will any valuation date be postponed by more than seven trading days. As a result, if a market disruption event occurs or is continuing on a valuation date, the maturity date for the notes could also be postponed, although not by more than seven trading days.

If the determination of the level of the Reference Asset for any valuation date is postponed to the last possible day, but a market disruption event occurs or is continuing on that day, that day will nevertheless be the date on which the level of the Reference Asset will be determined by the calculation agent. In such an event, the calculation agent will make a good faith estimate in its sole discretion of the level that would have prevailed in the absence of the market disruption event. See General Terms of the Notes Market Disruption Events .

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

The calculation agent will, among other things, determine the amount of your payment at maturity 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. The calculation agent will exercise its judgment when performing its functions. For example, the calculation agent may have to determine whether a market disruption event affecting the Reference Asset has occurred, and make certain adjustments with respect to the Reference Asset if certain corporate events occur. This determination may, in turn, depend on the calculation agent's judgment whether the event has materially interfered with our ability or the ability of one of our affiliates to unwind our hedge positions.

Since this determination by the calculation agent will affect the payment at maturity on the notes, the calculation agent may have a conflict of interest if it needs to make a determination of this kind.

The Historical Performance of the Reference Asset or its Components Should Not Be Taken as an Indication of Their Future Performance.

The level of the Reference Asset will determine the amount to be paid on the notes at maturity. The historical performance of the Reference Asset or its components does not necessarily give an indication of their future performance. As a result, it is impossible to predict whether the level of the Reference Asset will rise or fall during the term of the notes. The level of the Reference Asset and its components will be influenced by complex and interrelated political, economic, financial and other factors.

Significant Aspects of the Tax Treatment of the Notes Are Uncertain.

The tax treatment of the notes is uncertain. 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.

If the Reference Assets consists of one or more ETFs, pass-through entities, regulated investment companies, real estate investment trusts, partnerships or passive foreign investment companies, while the matter is not entirely clear, unless otherwise specified in the applicable pricing supplement, there exists a substantial risk that an investment in a note is, in whole or in part, a constructive ownership transaction to which Section 1260 of the Internal Revenue Code applies. If Section 1260 of the Internal Revenue Code applies, all or a portion of any long-term capital gain recognized by a U.S. Holder in respect of a note will be recharacterized as ordinary income and certain interest charges may apply. See the section entitled Supplemental Discussion of U.S. Federal Income Tax Consequences Supplemental U.S. Tax Considerations Possible Application of Section 1260 of the Internal Revenue Code .

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis. 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.

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.

Employee Retirement Income Security Act and Considerations for Employee Benefit Plans

This section is relevant only if you are a fiduciary (including an insurance company and any fund manager treated as a fiduciary under the U.S. Department of Labor's Plan Asset Regulation) of a pension or employee benefit plan, including governmental 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-39.

Risks Relating to the Applicable Reference Asset

You Will Not Have Any Shareholder Rights and Will Have No Right to Receive any Shares of the Reference Asset at Maturity.

Investing in your notes will not make you a holder of any of the constituent stocks or ETFs of the Reference Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any of these securities.

There Are Liquidity and Management Risks Associated with the Reference Asset.

Although shares and ETFs of the Reference Asset may be listed for trading on a securities exchange, there is no assurance that an active trading market will continue for the shares or ETFs, as applicable, of the Reference Asset or that there will be liquidity in that trading market.

If the Reference Asset is comprised of one or more ETFs it may be subject to management risk, which is the risk that the investment adviser's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.

An Investment in the Notes May Be Subject to Risks Associated with Non-U.S. Securities Markets.

The Reference Asset may include one or more equity securities that have been issued by non-U.S. companies. An investment in securities linked to the value of non-U.S. equity securities involves particular risks. Non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. securities markets differently from the U.S. securities markets. Direct or indirect government intervention to stabilize these non-U.S. securities markets, as well as cross shareholdings among non-U.S. companies, may affect trading prices and volumes in those securities markets. Also, there is generally less publicly available information in the United States about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, disclosure, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Securities prices of non-U.S. companies are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the economic and fiscal policies of non-U.S. governments, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities, the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, the economies of certain foreign

countries may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, trade surpluses or deficits, capital reinvestment, resources and self-sufficiency.

The Return on the Notes Will Be Exposed to Fluctuations in Exchange Rates that Might Affect the Level of the Reference Asset and the Payment at Maturity.

Because the securities included in the Reference Asset may be traded in currencies other than U.S. dollars, and the notes are denominated in U.S. dollars, or the security is an ADS, which is quoted and traded in U.S. dollars, but represents a foreign security that is quoted and traded in a foreign currency and that may trade differently from the ADS, the amount payable on the notes at maturity may be exposed to fluctuations in the exchange rate between the U.S. dollar and each of the currencies in which those securities are denominated. These changes in exchange rates may reflect changes in various non-U.S. economies that in turn may affect the payment on the notes at maturity. An investor's net exposure will depend on the extent to which the currencies in which the relevant securities are denominated either strengthen or weaken against the U.S. dollar and the relative weight of each security. If, taking into account such weighting, the U.S. dollar strengthens (or, in the case of bearish notes, weakens) against the currencies in which the relevant securities are denominated, the value of those securities may be adversely affected and the level of the Reference Asset may be adversely affected as well. In turn, the payment on the notes at maturity may be adversely affected.

We Do Not Control Any Company Included in a Reference Asset and Are Not Responsible for Any Disclosure Made by Any Other Company.

Neither we nor any of our affiliates have the ability to control the actions of any of the companies whose securities are included in a Reference Asset, nor do we assume any responsibility for the adequacy or accuracy of any publicly available information about any of these companies, unless (and only to the extent that) our securities or the securities of our affiliates are represented by that Reference Asset. You should make your own investigation into the companies represented by the applicable Reference Asset.

You Will Have Limited Anti-Dilution Protection.

If your notes are linked to one or more equity securities or ETFs, the calculation agent will make certain adjustments for stock splits, reverse stock splits, stock dividends, extraordinary dividends and other events that affect the applicable issuer's capital structure, but only in the situations we describe in General Terms of the Notes Anti-Dilution Adjustments Relating to Equity Securities or a Reference Asset that is an ETF below. The calculation agent will not be required to make an adjustment for every corporate event that may affect the relevant security. For example, the calculation agent will not make any adjustments for events such as an offering by the relevant issuer of equity securities, a tender or exchange offer for the issuer's shares at a premium to its then-current market price by that issuer or a tender or exchange offer for less than all outstanding shares of that issuer by a third party. Those events or other actions by the applicable issuer or a third party may nevertheless adversely affect the level of the Reference Asset, and adversely affect the value of your notes.

Risks Relating to ETF-Based Reference Assets

The risk factors in this section will be applicable to your notes if the Reference Asset is comprised of one or more ETFs.

You Will Have No Rights Against the Sponsor of the Relevant ETF or any ETF Portfolio Issuer.

The notes are not sponsored, endorsed, sold or promoted by any sponsor of any ETF that is a Reference Asset or any ETF portfolio issuer. No sponsor of the relevant ETF or any ETF portfolio issuer has passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the notes. No sponsor of the relevant ETF or any ETF portfolio issuer makes any representation or warranty, express or implied, to you or any member of the public regarding the advisability of investing in securities generally or the notes in particular, or the ability of the relevant ETF to track general market performance. The sponsor of that ETF has no obligation to take our needs or your needs into consideration in determining, composing or calculating that ETF, or in making changes to that ETF. No sponsor of the relevant ETF or any ETF portfolio issuer is responsible for, and none of them has participated in the determination of, the timing, prices or quantities of the notes to be issued or in the determination or calculation of the equation by which the amounts to be paid on the notes are to be determined. No sponsor of the

relevant ETF or any ETF portfolio issuer has any liability in connection with the administration, marketing or trading of the notes.

Adjustments to the Relevant ETF Could Adversely Affect the Notes.

The sponsor of the relevant ETF is responsible for calculating and maintaining such ETF. The relevant ETF sponsor can add, delete or substitute the stocks comprising the relevant ETF or make other methodological changes that could change the value of the ETF at any time. If one or more of these events occurs, the calculation of the amount payable at maturity may be adjusted to reflect such event or events. Please refer to Description of the Notes Adjustments to an ETF . Consequently, any of these actions could adversely affect the amount payable at maturity and/or the market value of the notes.

Changes that Affect an Index Included in the Reference Asset Will Affect the Market Value of the Notes and the Amount You Will Receive at Maturity.

The policies of a sponsor of any index (the Index Sponsor) that is the underlying index for an ETF that is a Reference Asset concerning the calculation of that index, additions, deletions or substitutions of the components of that index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the index and, therefore, could affect the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if the Index Sponsor changes these policies, for example, by changing the manner in which it calculates the index.

We Have No Affiliation with Any Index Sponsor and Will Not Be Responsible for Any Actions Taken by an Index Sponsor.

Unless otherwise specified in the relevant pricing supplement for an exchange traded fund linked note, no Index Sponsor is an affiliate of ours or will be involved in any offerings of the notes in any way. Consequently, we have no control of the actions of any Index Sponsor, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. No Index Sponsor has any obligation of any sort with respect to the notes. Thus, no Index Sponsor has any obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. None of our proceeds from any issuance of the notes will be delivered to any Index Sponsor.

We Cannot Control Actions by the Investment Adviser of an ETF that May Adjust the Reference Asset in a Way that Could Adversely Affect the Payments on the Notes and Their Market Value, and the Investment Adviser Has No Obligation to Consider Your Interests.

If the Reference Asset is comprised of one or more ETFs, the policies of the investment adviser concerning the calculation of the Reference Asset s net asset value, additions, deletions or substitutions of securities or other investments held by the Reference Asset and the manner in which changes affecting the underlying index are reflected in the Reference Asset could affect the market price per share of the Reference Asset and, therefore, the amounts payable on the notes and their market value. The amounts payable on the notes and their market value could also be affected if the investment adviser changes these policies, for example, by changing the manner in which it calculates the Reference Asset s net asset value, or if the investment adviser discontinues or suspends calculation or publication of the Reference Asset s net asset value, in which case it may become difficult to determine the value of your notes. If events such as these occur or if the closing price per share of the Reference Asset is not available on a valuation date, the calculation agent may determine the closing price per share of the Reference Asset on that valuation date; as a result, the calculation agent would determine the level of the Reference Asset in a manner it considers appropriate, in its sole discretion.

The Performance of the Reference Asset and the Performance of the Underlying Assets of the ETF May Vary.

If the Reference Asset is comprised of one or more ETFs, the performance of the Reference Asset and that of its underlying assets generally will vary due to transaction costs, certain corporate actions and timing variances. If the Reference Asset maintains a representative sampling strategy as to an underlying asset, the performance of the Reference Asset will differ to some degree from that of the relevant assets.

In addition, because the shares of the ETF Reference Asset are traded on a securities exchange and are subject to market supply and investor demand, the market value of one share of the Reference Asset may differ from its net asset value per share; shares of the ETF Reference Asset may trade at, above, or below its net asset value per share.

For the foregoing reasons, the performance of the Reference Asset may not match the performance of its underlying asset over the same period. Because of this variance, the return on the notes to the extent dependent on the return of the Reference Asset may not be the same as an investment directly in the securities or other investments included in the underlying asset or the same as a debt security with a payment at maturity linked to the performance of the underlying asset.

Time Zone Differences Between the Cities Where the Underlying Assets of the ETF and the Reference Asset Trade May Create Discrepancies in Trading Levels.

As a result of the time zone difference, if applicable, between the cities where the securities or commodities comprising the underlying asset trade and where the shares of the ETF Reference Asset trade, there may be discrepancies between the values of the underlying assets and the market value of the notes. In addition, there may be periods when the foreign securities or commodities markets are closed for trading (for example, during holidays in a country other than the United States) that may result in the values of the underlying assets remaining unchanged for multiple trading days in the city where the shares of the ETF Reference Asset trade. Conversely, there may be periods in which the applicable foreign securities or commodities markets are open, but the securities market on which the ETF Reference Asset trades is closed.

We and our Affiliates Generally Do Not Have any Affiliation with the Investment Advisor of an ETF and are not Responsible for its Public Disclosure of Information.

Each investment advisor of an ETF advises that ETF on various matters including matters relating to the policies, maintenance and calculations of the ETF. Unless otherwise specified in the applicable pricing supplement, we and our affiliates generally are not affiliated with the investment advisor of an ETF in any way and have no ability to control or predict its actions, including any errors in or discontinuance of disclosure regarding their methods or policies relating to the ETF. Except in the limited cases where we or an affiliate is the investment advisor of an ETF, the investment advisor is not involved in any offering of the notes in any way and has no obligation to consider your interests as an owner of the notes in taking any actions relating to the ETF that might affect the value of the notes. Neither we nor any of our affiliates assumes any responsibility for the adequacy or accuracy of the information about an ETF or the investment advisor of such ETF contained in any public disclosure of information by such investment advisor (except to the extent that we or an affiliate is the investment advisor of such ETF). You, as investor in the notes, should make your own investigation into the ETF.

Even if the Securities Held by the ETF or Included in the ETF's Underlying Index are all Part of the Same Industry, such Securities are not Necessarily Representative of that Industry.

Even if an ETF or an ETF's underlying index purports to be representative of a particular industry, the performance of that ETF may not correlate with the performance of the entire industry as represented by the securities held by the ETF or included in the ETF's underlying index. The ETF may decline in value even if the industry as a whole rises in value. Furthermore, one or more of the issuers of the securities held by the ETF or included in the ETF's underlying index may engage in new lines of business unrelated to the particular industry or cease to be involved in lines of business in the particular industry. The securities held by the ETF or included in the ETF's underlying index may not vary even if one or more of the issuers of such securities are no longer involved in the particular industry. The composition of the underlying index may also be changed from time to time.

If the Securities Held by the ETF or Included in the ETF's Underlying Index are all part of the Same Sector, there are Risks Associated with a Sector Investment.

If the securities held by the ETF or included in the ETF's underlying index are all part of the same sector, the performance of notes linked to such ETF is dependent upon the performance of issuers of securities in a particular sector of the economy. Consequently, the value of the notes may be subject to greater volatility and be more

adversely affected by a single economic, political or regulatory occurrence affecting the particular sector than an investment linked to a more broadly diversified asset.

The Correlation between the Performance of an ETF and the Performance of the ETF's Underlying Index may be Imperfect.

The performance of an ETF is linked principally to the performance of the ETF's underlying index. However, the performance of an ETF may also be linked in part to shares of other ETFs because some ETFs generally invest a specified percentage, e.g., 10% of their assets, in the shares of other ETFs. In addition, while the performance of an ETF is linked principally to the performance of such ETF's underlying index, ETFs generally invest in a representative sample of the stocks included in such ETF's underlying index and generally do not hold all or substantially all of the stocks included in such ETF's underlying index. Finally, the performance of an ETF and the ETF's underlying index will generally vary due to transaction costs, certain corporate actions and timing variances.

Imperfect correlation between the stocks held by an ETF and the stocks included in such ETF's underlying index; the performance of the shares of other ETFs, if applicable; rounding of prices; changes to an ETF's underlying index; and changes to regulatory policies, may cause the performance of an ETF to differ from the performance of the ETF's underlying index. In addition, because shares of ETFs are traded on exchange and are subject to market supply and investor demand, the market value of one share of an ETF may differ from its net asset value per share and the shares of an ETF may trade at, above or below their net asset value per share.

Risks Relating to Commodity-Based ETF Reference Assets.

The risk factors in this section will be applicable to your notes if one or more of the ETFs that are included as Reference Assets invest in one or more commodities.

You Will Not Own the Underlying Commodities.

Investing in the notes is not the same as owning the applicable commodities or futures contracts relating to those commodities. You will not have a right to receive delivery of any of the applicable commodities or futures contracts relating to those commodities. We will not invest in any of the applicable commodities or futures contracts relating to those commodities on behalf or for the benefit of holders of the notes.

Commodities Prices Are Highly Volatile Due to Unpredictable Factors that Affect Supply and Demand.

Several factors, many of which are beyond our control, may influence the market value of the notes. Factors that may affect supply and demand of the underlying commodities or futures contracts of the ETF Reference Asset and, thus, the market value of the notes include (but are not limited to):

political events;

weather;

agriculture;

disease;

labor activity;

technological developments;

direct government activity (such as embargoes); and

other supply disruptions in major producing or consuming regions of the applicable commodity.

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These factors may adversely affect the performance of the ETF Reference Asset or underlying commodities or futures contracts of the ETF Reference Asset and the market value of the notes. The market value of the notes will also be affected by, among other things:

- the trading prices of the applicable commodities;

- the trading prices of the applicable commodities futures; and

- the volatility of the applicable commodities and commodities futures (including the frequency and magnitude of price increases and decreases in those commodities or commodities futures).

Suspension or Disruptions of Market Trading in the Commodity and Related Futures Markets May Adversely Affect the Value of Your Notes Linked to Certain ETF Reference Assets.

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. Certain exchanges have regulations which limit the amount of fluctuations in futures contracts that may occur during a single trading day. These limits are generally referred to as daily price fluctuation limits, and the maximum or minimum price of a futures contract on any given day as a result of these limits is referred to as a limit price. Once the limit price has been reached in a particular futures contract, no trades may be made at a different price. Limit prices may have the effect of precluding trading in a particular futures contract or forcing the liquidation of futures contracts at disadvantageous times or prices. These circumstances could affect the level of the commodity-based ETF Reference Assets or the underlying commodities of those Reference Asset and could therefore adversely affect the market value of the notes.

Underlying Commodities that Trade on Foreign Exchanges, and Baskets Containing Such Commodities and Indices Based in Part on Such Commodities May Be Subject to Additional Market Risks.

The regulations of the U.S. Commodity Futures Trading Commission (the CFTC) do not apply to trading on foreign exchanges, and trading on foreign exchanges may involve different and greater risks than trading on U.S. exchanges. Certain foreign markets may be more susceptible to disruption than U.S. exchanges due to the lack of a government-regulated clearinghouse system. Trading on foreign exchanges also involves certain other risks that are not applicable to trading on U.S. exchanges. Those risks include (but are not limited to):

- varying exchange rates;

- varying quoting conventions or contract specifications on different exchanges;

- exchange controls;

- expropriation;

- burdensome or confiscatory taxation;

- moratoriums; and

- political or diplomatic events.

It may also be more costly and difficult for participants in those markets to enforce the laws or regulations of a foreign country or exchange, and it is possible that the foreign country or exchange may not have laws or regulations which adequately protect the rights and interests of investors in the applicable commodities.

The Notes Will