

THE SECURITIES ACT ) Order No. 2856  
 )  
SUBSECTION 20(1) ) March 29, 2000

BNS CAPITAL TRUST/THE BANK OF NOVA SCOTIA

WHEREAS:

(A) The Bank of Nova Scotia (the "Bank") has made application (the "Application") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act* R.S.M. 1988, C.S50 (the "Act") that certain trades contemplated by the terms of the Scotiabank Trust Securities - Series 2000-1 (the "Scotia BaTS") to be distributed by BNS Capital Trust (the "Trust") will be exempt from sections 6 and 37 of the Act;

(B) It has been represented to the Commission by the Bank that:

(a) the Bank is a Canadian chartered bank subject to the *Bank Act* (Canada) and is subject to the continuous disclosure reporting requirements of the Act and is not in default of any applicable requirements of the Act or the securities regulations made thereunder;

(b) the authorized share capital of the Bank consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, Series Y;

(c) the Trust is a closed-end trust established pursuant to a declaration of trust of Montreal Trust Company of Canada, a subsidiary of the Bank, under the laws of Ontario;

(d) the Common Shares of the Bank are listed and posted for trading in Canada on the Toronto and Winnipeg stock exchanges and are also listed and posted for trading on the London exchange;

(e) the Trust is not currently subject to the continuous disclosure reporting requirements of the Act;

(f) the Trust and the Bank have filed a preliminary long form prospectus (the "Prospectus") dated February 28, 2000 in relation to an offering in each province and territory of Canada of Scotia BaTS (the "Offering");

(g) the terms of the Scotia BaTS provide for, among other things, the following:

(i) the automatic exchange of the Scotia BaTS into Non-cumulative Redeemable Preferred Shares, Series Y of the Bank

(the "Bank Preferred Shares Series Y") upon the occurrence of certain defined events (the "Automatic Exchange");

(ii) the redemption by the Trust of the Scotia BaTS for Bank Preferred Shares Series Y in the circumstances where the Automatic Exchange is triggered and any Scotia BaTS remain outstanding thereafter (the "Trust Share Redemption"); and

(iii) the exchange of the Scotia BaTS at the option of the holder into Bank Preferred Shares Series Y on and after on June 30, 2011 (the "Holder Exchange Right");

(h) the terms of the Bank Preferred Shares Series Y provide, among other things, that: the Bank Preferred Shares Series Y, may be redeemed by the Bank (without the consent of the holder) by the payment of \$1,000 together with the amount of declared and unpaid dividends) or the issuance and delivery of Common Shares of the Bank (the "Bank Preferred Share Redemption");

(i) the terms of the Bank Preferred Shares Series Y provide, among other things, that such shares are convertible, at the option of the holder, into Common Shares of the Bank in certain circumstances;

(j) the terms of the Bank Preferred Shares Series Y provide, among other things, that such shares are convertible, at the option of the holder, into a further series of Non-cumulative Preferred Shares (the "New Bank Preferred Shares") in certain circumstances;

(k) the Bank, the Trust and an independent trustee will enter into a Bank Share Exchange Trust Agreement providing for, among other things, the grant of the Automatic Exchange and the Holder Exchange Right (collectively, the "Exchange Provisions") as well as the grant by the Bank to the Trust of a right to subscribe for Bank Preferred Shares Series Y in order to give effect to the Trust Share Redemption (the "Subscription Right");

(l) the final long form prospectus in respect of the Offering will qualify the Exchange Provisions and the Subscription Right.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the Order requested.

IT IS ORDERED:

**1. THAT**, pursuant to subsection 20(1) of the Act:

(a) the Automatic Exchange;

(b) the Trust Share Redemption;

(c) the Bank Preferred Share Redemption; and

any trades pursuant to any other right of redemption, conversion or exchange described in the Prospectus by the Bank, the Trust and the holders of Scotia BaTS, of the Bank Preferred Shares Series Y, Common Shares or the New Bank Preferred Shares shall be exempt from sections 6 and 37 of the Act provided that no commission or other remuneration is paid or given to any person in respect of such trades except for ministerial or professional services or for services performed by a person or company registered for trading in securities under the Act.

**2. THAT** the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION

Director - Legal