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Scotia Capital

August 31, 2010

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

c/o John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Email: jstevenson@osc.gov.on.ca

and

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montreal, Québec H4Z 1G3
Email: consultation-en-cours@lautorite.qc.ca

Dear Sirs and Mesdames:

Proposed National Instrument 54-101
Communication with Beneficial Owners of Securities of a Reporting Issuer

Scotia Capital Inc. (SCI or we) is a subsidiary of The Bank of Nova Scotia (the Bank or Scotiabank). SCI is registered as an investment dealer and is a member of the Investment Industry Regulatory Organization of Canada (IIROC). In addition, SCI is a member of the Investment Industry Association of Canada (IIAC). We appreciate the opportunity to provide the Canadian Securities Administrators (the CSA or you) with our comments on National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* and its related instruments (the Proposed Amendments) that were published for comment on April 9, 2010 (the Request for Comment).

As a member of IIAC, we participated in industry working groups organized by the Canadian Securities Administrators. We wish to make the following comments.

General Comments

We applaud the CSA for taking the initiative to propose amendments intended to improve the shareholder communication process. In particular, we strongly support the proposal to introduce notice-and-access as a delivery method for security holder materials to beneficial owners. Moreover, we hope that the thought leadership displayed in the context of security holder materials will be extended by the CSA to other issuer delivery requirements.

We support notice-and-access as a delivery method for issuer communications for a number of reasons not the least of which is that we believe that mailing paper has become outdated. Mailing paper is wasteful and we understand that many of our clients do not wish to receive mailings from issuers as they perceive the mailings as environmentally "un-friendly". This issue is exacerbated by the fact householding is not permitted on proxy mailings and clients with multiple accounts at the same institution receive multiple copies of the same material. Moreover, mailing large quantities of paper creates the potential for serious privacy breaches. There is risk of "mis-direction" of these materials and many clients living in apartment and condominium buildings complain of materials not fitting into mail boxes and being left on the floor for "everyone to see".

As a result, we would ultimately like to see notice-and-access become mandatory. However, we understand why the CSA is currently proposing a voluntary system to provide issuers with the flexibility to adopt notice-and-access when they determine that it is appropriate. Moreover, we believe that a flexible system recognizes that not all issuers could adopt notice and access at this time. For example, the Bank Act currently requires banks to deliver materials to their shareholders.

Mailing a notice that indicates where the materials can be electronically accessed will alleviate much shareholder concern about waste and privacy, as well as providing the sense to shareholders who have elected to "not receive" materials that some attention is being paid to their requests to receive no materials, while allowing them to be made aware of meetings and be able to choose to obtain the relevant materials by accessing them electronically or requesting that they be delivered.

In addition, we would like to make the following general comment. We are aware that many factors are considered in developing policy. This regulatory change is focused on improving the shareholder communication process. From our perspective, as a dealer, the shareholder is our client and we believe that where regulatory change impacts the client experience, a fundamental principle to consider is whether the change improves the client experience. In the responses that we have provided to the specific questions asked by the CSA, we have supported policy development that we believe will improve the client experience.

Specific Comments

In the Request for Comment, the CSA invited comments on specific questions. We have provided our response below to certain of the questions.

Question 1

The CSA proposes to exclude proxy-related materials relating to special meetings from notice-and-access. Should the CSA expand notice-and-access to include special meetings? Should other types of meetings be excluded from notice-and-access as well?

In our role as an investment dealer, improving the client experience is important to us. We understand from many clients that they are annoyed when they receive information that they do not want to receive in the mail because they are accustomed to accessing information that they want to review electronically. For these reasons and for general consistency / clarity, we believe that notice-and-access will greatly improve the client experience and should be available for all meetings including special meetings.

Question 2

The CSA proposes that reporting issuers be able to use notice-and-access to send proxy-related materials to some, but not all beneficial owners, so long as this fact is publicly disclosed and an explanation provided. Should there be restrictions on when a reporting issuer can use notice-and-access selectively?

We believe that a reporting issuer should be provided with the flexibility to use notice-and-access for some beneficial owners but not others as long as it does not use notice-and-access to disenfranchise objecting beneficial owners (OBOs).

In the Request for Comment you indicated that one of the fundamental principles of NI 54-101 is that all securityholders of a reporting issuer, whether registered holders or beneficial holders, should have the opportunity to be treated alike as far as practicable. We agree. As a result, if a reporting issuer chooses to use notice-and-access for delivering proxy related materials for a meeting it should use notice-and-access for all of its security holders as far as practicable. However, we recognize that using the same delivery method may not be practicable in every circumstance. As a result, we believe that a reporting issuer should be provided the option to use

notice-and-access for delivering proxy materials to some beneficial owners but not others as long as the issuer's decision does not result in disenfranchising OBO's.

Question 3

The U.S. model of notice-and-access seems to have resulted in a decrease in voting by retail shareholders. The CSA notice-and-access proposal has some significant differences from the U.S. model which are intended to minimize the impact on retail shareholders. Does the CSA notice-and-access proposal adequately meet the needs of retail shareholders who wish to vote? Are there any specific enhancements or other ways that notice-and-access can be made more user-friendly?

We believe that the notice-and-access model set out in the Proposed Amendments adequately meets the needs of retail shareholders. Moreover, we believe that the Proposed Amendments improve upon the U.S. model. For example, the Proposed Amendments require that the Voting Instruction Form / Proxy is included as part of the original mailing.

Question 4

The CSA would appreciate data from issuers, service providers and other stakeholders on the anticipated costs and savings of implementing and using the notice-and-access process. Will notice-and-access result in meaningful costs savings that make the proxy voting system more efficient?

We believe that notice-and-access will lead to a reduction in printing and mailing costs and that the standardization of materials and processes will introduce efficiencies that could improve voting rates. In today's environment where an issuer may not pay for a mailing to OBO's and where many shareholders choose not to receive materials given the sheer volume of the materials, many shareholders may not receive mailings or are confused by the inconsistencies of the mailings they do receive. There is the potential that the implementation of notice-and-access could reduce the cost of printing and mailing to the point that issuers would have less incentive not to pay for mailing to their OBO's and that other shareholders would be more willing to "receive" materials generally. As a result, fewer beneficial owners will be disenfranchised or opt out and this could be a significant improvement to the proxy voting system and the voting rates.

Question 6

The CSA proposal does not impose any restrictions on additional materials that can be included with the notice and voting instruction form. The CSA does not have any concerns with including additional material that explains the notice-and-access process, such as a Q&A. However, is it appropriate for reporting issuers and others to include materials that address the substance of the matters to be voted on at the meeting? Would this create a disincentive for investors to read the full information circular? Should there be restrictions on what can be included in this these types of materials? Should there be requirements prescribing basic information that these types of materials must contain?

We are concerned that including materials that summarize the content in the information circular may discourage shareholders from reviewing the full information circular. This could lead to voting without full information and should not be facilitated.

Question 8

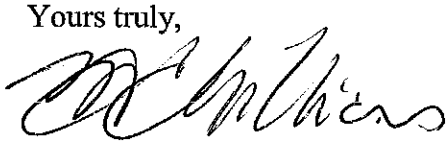
According to the CSA, the Proposed Amendments require management of reporting issuers that choose not to pay for delivery to OBOs to disclose this fact in the management information circular. The intent is to make the proxy voting system more transparent and easier to navigate. Will this disclosure facilitate this objective?

While disclosure in the management information circular will increase transparency, it will not result in objecting beneficial owners receiving meeting materials. Therefore OBO's could still be disenfranchised. We believe that the shareholder communication rules should not permit any beneficial owners to be disenfranchised in any circumstances.

In closing, we applaud the CSA for making this initiative a priority and encourage the CSA to continue to focus on initiatives to make notice-and-access available for delivering security holders materials to beneficial owners. We found the materials thoughtful and engaging. While we would like to see the CSA go further in adopting notice-and-access for delivering other issuer materials, we recognize that regulatory change is subject to constraints. We believe that the adoption of the Proposed Amendments will make significant improvements to the shareholder communication regime.

Should you require any further information, please do not hesitate to call Judy Foster at (416) 863-7954 or Iva Vranic at (416) 863-7101.

Yours truly,



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