

BANK OF NOVA SCOTIA /
Form 424B5
February 15, 2013

The information in this Preliminary Pricing Supplement is not complete and may be changed. We may not sell these Notes until the Pricing Supplement is delivered in final form. We are not selling these Notes, or are we soliciting offers to buy these Notes, in any State where such offer or sale is not permitted.

PRELIMINARY PRICING SUPPLEMENT, Subject to Completion Dated February 15, 2013 Filed Pursuant to Rule 424(b)(5)
Registration No 333-185049
Pricing Supplement dated February , 2013 to the Prospectus dated December 28, 2012, Prospectus Supplement dated December 28, 2012 and Product Prospectus Supplement (Equity Linked Index Notes, Series A) dated December 28, 2012

The Bank of Nova Scotia

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Callable Contingent Interest Range Accrual Barrier Notes, Series A

Linked to the CMS Reference Index and the Russell 2000® Index

Due February 28, 2023

The Callable Contingent Interest Range Accrual Barrier Notes, Series A, linked to the CMS Reference Index and the Russell 2000® Index due February 28, 2023 (the "Notes") offered hereunder are senior unsecured obligations of The Bank of Nova Scotia (the "Bank"). The Notes do not provide for the regular payment of interest or guarantee the return of any principal at maturity. All payments on the Notes are subject to the credit risk of The Bank of Nova Scotia. The Notes will not be listed on any U.S. securities exchange or automated quotation system. As used in this pricing supplement, the "Bank," "we," "us" or "our" refers to The Bank of Nova Scotia.

Contingent Interest

As further described below, interest will accrue on the Notes (i) in Year 1: at a rate of 8.00% per annum and (ii) in Years 2 to maturity or call: for each day that the Closing Level of the Russell 2000® Index (the "Reference Asset") is at or above the Trigger Level (75.00% of the Initial Value set on the Pricing Date), at a variable rate per annum equal to the Contingent Interest Rate. The Contingent Interest Rate will be equal to 4 times the difference, if any, between the 30-Year Constant Maturity Swap Rate and the 2-Year Constant Maturity Swap Rate ("CMS Reference Index") as determined quarterly at the start of the related Interest Period; subject to the Maximum Contingent Interest Rate of 8.00% per annum and the Minimum Contingent Interest Rate of 0.00% per annum for each Interest Period. The Notes provide an above-market interest rate in Year 1; however, for each Interest Period in Years 2 to maturity or call, the Notes will not pay any interest with respect to an Interest Period if the CMS Reference Index determined for that Interest Period is equal to or less than 0.00%. In addition, if on any calendar day during an Interest Period, the Closing Level of the Reference Asset is less than the Trigger Level, interest will accrue at a rate of 0.00% per annum for that day. **As a result, beginning February 28, 2014, it is possible that you could receive little or no interest on the Notes.**

Payment at Maturity

The amount that you will be paid on your Notes at maturity will depend on the performance of the Reference Asset and will be calculated as follows:

If the Closing Level of the Reference Asset on the Valuation Date is greater than or equal to 50% of the Initial Level (the “Barrier Level”): the Principal Amount

If the Closing Level of the Reference Asset on the Valuation Date is less than the Barrier Level: (i) the stated Principal Amount plus (ii) Principal Amount multiplied by the Percentage Change. **In this scenario you will suffer a significant loss on your initial investment (at least 50%) in an amount equal to the negative performance of the Reference Asset. Accordingly, you could lose up to 100% of your initial investment.**

You will not participate in any appreciation of the Reference Asset. The Notes do not constitute a direct investment in any of the shares, units or other securities represented by the Reference Asset. By acquiring Notes, you will not have a direct economic or other interest in, claim or entitlement to, or any legal or beneficial ownership of any such share, unit or security and will not have any rights as a shareholder, unitholder or other security holder of any of the issuers including, without limitation, any voting rights or rights to receive dividends or other distributions. See “Additional Risks—You will not Participate in Any Appreciation in the Value of the Reference Asset and Your Return on the Notes is Expected to be Limited to the Interest Payments Paid on the Notes” in this pricing supplement.

Call Provision

The Notes may be called by us in whole, but not in part, on each stated quarterly Call Date, from and including the First Call Date (February 28, 2014), upon notice by us to DTC on or before the corresponding Call Notice Date, at an amount that will equal the Principal Amount of your Notes plus the accrued and unpaid Interest Payment, if any. If the Notes are called prior to the Maturity Date you will lose the opportunity to continue to be paid any further Interest Payments.

Assuming no changes in market conditions or our creditworthiness and other relevant factors, the value of your Notes on the Trade Date (“Estimated Value”) (as determined by reference to pricing models used by Scotia Capital (USA) Inc. and taking into account credit spreads of The Bank of Nova Scotia) is, and the price you receive for your Notes may be, significantly less than the Original Issue Price. The difference between the Estimated Value of your Notes and the Original Issue Price reflects costs that the Bank or its affiliates expect to incur and profits that the Bank or its affiliates expect to realize in connection with hedging activities related to the Notes. These costs and profits will likely reduce the secondary market price, if any secondary market develops, for the Notes. As a result, you may experience an immediate and substantial decline in the market value of your Notes on the Trade Date and you may lose all or a substantial portion of your initial investment. The Bank’s profit in relation to the Notes will vary based on the difference between (i) the amounts received by the Bank in connection with the issuance and the reinvestment return received by the Bank in connection with those funds and (ii) the costs incurred by the Bank in connection with the issuance of the Notes and any hedging transactions. The Bank’s affiliates may also realize a profit that will be based on the (i) cost of creating and maintaining the hedging transactions minus (ii) the payments received on the hedging transactions.

Neither the United States Securities and Exchange Commission (“SEC”) nor any state securities commission has approved or disapproved of the Notes or passed upon the accuracy or the adequacy of this document, the accompanying prospectus, prospectus supplement or product prospectus supplement. Any representation to the contrary is a criminal offense. The NOTES ARE NOT INSURED BY THE CANADA DEPOSIT INSURANCE CORPORATION PURSUANT TO THE CANADA DEPOSIT INSURANCE CORPORATION ACT, THE UNITED STATES FEDERAL DEPOSIT INSURANCE CORPORATION, OR ANY OTHER GOVERNMENTAL AGENCY OF CANADA, THE UNITED STATES OR ANY OTHER JURISDICTION.

Scotia Capital (USA) Inc., our affiliate, will purchase the Notes from us for distribution to other registered broker dealers or will offer the Notes directly to investors. Scotia Capital (USA) Inc. or any of its affiliates or agents may use this pricing supplement in market-making transactions in Notes after their initial sale. Unless we, Scotia Capital (USA) Inc. or another of its affiliates or agents selling such Notes to you informs you otherwise in the confirmation of sale, the final pricing supplement to which this pricing supplement relates is being used in a market-making transaction. See “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement and “Supplemental Plan of Distribution” on page PS-30 of the accompanying product prospectus supplement.

| | Per Note | Total |
|--|--------------------|--------------------|
| Price to public ¹ | At Variable Prices | At Variable Prices |
| Underwriting commissions ² | % | \$ |
| Proceeds to The Bank of Nova Scotia ³ | % | \$ |

Investment in the Notes involves certain risks. You should refer to “Additional Risks” in this pricing supplement and “Additional Risk Factors Specific to the Notes” beginning on page PS-13 of the accompanying product prospectus supplement and “Risk Factors” beginning on page S-2 of the accompanying prospectus supplement and page 6 of the accompanying prospectus.

We may decide to sell additional Notes after the date of this pricing supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above.

We will deliver the Notes in book-entry form through the facilities of The Depository Trust Company (“DTC”) on or about February 27, 2013 against payment in immediately available funds.

Scotia Capital (USA) Inc.

¹ The notes will be offered from time to time in one or more negotiated transactions at varying prices to be determined at the time of each sale, which may be at market prices prevailing, at prices related to such prevailing prices or at negotiated prices; provided, however, that such price will not be less than \$965.00 per note and will not be more than \$1,000 per note.

² Scotia Capital (USA) Inc. or one of our affiliates will purchase the Notes at the Principal Amount and as part of the distribution of the Notes may pay varying discounts and underwriting commissions of up to \$ per \$1,000 Principal Amount of Notes in connection with the distribution of the Notes. The actual discounts and underwriting commissions will be determined on the Trade Date. Scotia Capital (USA) Inc. may also receive a structuring and development fee of up to \$0.50 per \$1,000 principal amount of Notes. See “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement and "Supplemental Plan of Distribution" on page PS-30 of the accompanying product prospectus supplement.

³ Excludes profits from hedging. For additional considerations relating to hedging activities see “Additional Risks—The Inclusion of Dealer Spread and Projected Profit from Hedging in the Original Issue Price is Likely to Adversely Affect Secondary Market Prices” in this pricing supplement.

SUMMARY

The information in this “Summary” section is qualified by the more detailed information set forth in this pricing supplement, the prospectus, the prospectus supplement, and the product prospectus supplement, each filed with the SEC. See “Additional Terms of Your Notes” in this pricing supplement.

General Terms

Issuer: The Bank of Nova Scotia (the “Bank”)
 Callable Contingent Interest Range Accrual Barrier Notes, Series A

Type of Notes: *Linked to the CMS Reference Index and the Russell 2000® Index Due February 28, 2023*

CUSIP / ISIN: CUSIP 064159BQ8 / ISIN US064159BQ87

Minimum Investment and Denominations: \$1,000 and integral multiples of \$1,000 in excess thereof

Principal Amount: \$1,000 per Note

Aggregate Principal Amount: \$

Original Issue Price: At Variable Prices

Currency: U.S. Dollars

Pricing Date: Expected to be February 22, 2013

Trade Date: Expected to be February 22, 2013

Original Issue Date: Expected to be February 27, 2013 (to be determined on the Trade Date and expected to be the 3rd scheduled Business Day after the Trade Date).
 February 28, 2023, as may be postponed upon the occurrence of a market disruption event as described “General Terms of the Notes—Maturity Date” on page PS-17 in the accompanying product prospectus supplement.

Maturity Date: February 28, 2023, as may be postponed upon the occurrence of a market disruption event as described “General Terms of the Notes—Maturity Date” on page PS-17 in the accompanying product prospectus supplement.

Principal at Risk: You may lose all or a substantial portion of your initial investment at maturity if the Final Level is below the Barrier Level.
 Scotia Capital (USA) Inc. or one of our affiliates will purchase the Notes at the Principal Amount and as part of the distribution of the Notes will reoffer the Notes to third party dealers at varying discounts and underwriting commissions of up to \$ per \$1,000 Principal Amount of Notes in connection with the distribution of the Notes. The actual discounts and underwriting commissions will be determined on the Trade Date. Scotia Capital (USA) Inc. may also receive a structuring and development fee of up to \$0.50 per \$1,000 Principal Amount of Notes.

Fees and Expenses: The price at which you purchase the Notes includes costs that the Bank or its affiliates expect to incur and profits that the Bank or its affiliates expect to realize in connection with hedging activities related to the Notes, as set forth above. These costs and profits will likely reduce the secondary market price, if any secondary market develops, for the Notes. As a result, you may experience an immediate and substantial decline in the market value of your Notes on the Trade Date. See “Additional Risks—The Inclusion of Dealer Spread and Projected Profit from Hedging in the Original Issue Price is Likely to Adversely Affect Secondary Market Prices” in this pricing supplement.

Interest

Interest Payment per Note: From the Original Issue Date up to but excluding the Maturity Date or Call Date, as applicable, (i) Interest Rate multiplied by (ii) \$1,000.00 multiplied by (iii) Day Count Fraction.

From and including the Original Issue Date to but excluding February 28, 2014

The Fixed Interest Rate

Interest Rate: From and including February 28, 2014 to but excluding the Maturity Date or Call Date (“the Contingent Interest Rate Period”):

The Contingent Interest Rate

Interest Period: The quarterly period from and including a scheduled Interest Payment Date, up to but excluding the next succeeding scheduled Interest Payment Date; provided, however the Initial Interest Period shall be from the Original Issue Date, to but excluding the next succeeding schedule Interest Payment Date.

Interest Payment Dates: Quarterly, on the last calendar day of each February, May, August, and November commencing on May 31, 2013 and up to and including the Maturity Date or Call Date.

Interest Reset Dates: Quarterly, on the last calendar of each February, May, August, and November commencing on February 28, 2014

Fixed Interest Rate: 8.00% per annum

For each Interest Period during the Contingent Interest Rate Period, a variable rate per annum equal to the product of:

(a) Leverage Factor times the CMS Reference Index; subject to the Minimum Contingent Interest Rate and the Maximum Contingent Interest Rate; and

(b) N/ACT; where,

Contingent Interest Rate: “N” = the total number of calendar days in the applicable Interest Period on which the Closing Level of the Reference Asset is greater than or equal to the Trigger Level (each such day, an “Accrual Day”); and

“ACT” = the total number of calendar days in the applicable Interest Period.

Beginning February 28, 2014, it is possible that you could receive little or no interest on the Notes. If, on the related CMS Reference Index Determination Date, the CMS Reference Index is equal to or less than 0.00%, interest will accrue at a rate of 0.00% for that Interest Period. In addition, if on any day, the Closing Level of the Reference Asset is determined to be less than the Trigger Level, interest will accrue at a rate of 0.00% per annum for that day.

CMS Reference Index: The 30-Year Constant Maturity Swap Rate (which we refer to as “30CMS”) minus the 2-Year Constant Maturity Swap Rate (which we refer to as “2CMS”), expressed as a percentage and calculated as of the CMS Reference Index Determination Date for such any Interest Period during the Contingent Interest Rate Period.

30CMS is, on any day, the fixed rate of interest payable on an interest rate swap with a 30-year maturity as reported on Reuters Page ISDAFIX1 or any successor page thereto at 11:00 a.m. New York City time on that day; provided that for the determination of 30CMS on any calendar day, the “CMS reference determination date” shall be that calendar day unless that calendar day is not a U.S. Government

Securities Business Day, in which case the 30CMS level shall be the 30CMS level on the immediately preceding U.S. Government Securities Business Day.

2CMS is, on any day, the fixed rate of interest payable on an interest rate swap with a 2-year maturity as reported on Reuters Page ISDAFIX1 or any successor page thereto at 11:00 a.m. New York City time on that day; provided that for the determination of 2CMS on any calendar day, the “CMS reference determination date” shall be that calendar day unless that calendar day is not a U.S. government securities business day, in which case the 2CMS level shall be the 2CMS level on the immediately preceding U.S. government securities business day.

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| <p>CMS Rate Fallback Provisions:</p> | <p>If 30CMS or 2CMS is not displayed by 11:00 a.m. New York City time on the Reuters Screen ISDAFIX1 Page on any day on which the level of the CMS Reference Index must be determined, such affected rate for such day will be determined on the basis of the mid-market semi-annual swap rate quotations to the Calculation Agent provided by five leading swap dealers in the New York City interbank market (the “Reference Banks”) at approximately 11:00 a.m., New York City time, on such day, and, for this purpose, the mid-market semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with a term equal to the applicable 30 year or 2 year maturity commencing on such day and in a representative amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an actual/360 day count basis, is equivalent to USD-LIBOR-BBA with a designated maturity of three months. The Calculation Agent will request the principal New York City office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If fewer than three quotations are provided as requested, the rate will be determined by the Calculation Agent in good faith and in a commercially reasonable manner</p> |
| <p>Leverage Factor:</p> | <p>4</p> |
| <p>Minimum Contingent Interest Rate:</p> | <p>0.00% per annum</p> |
| <p>Maximum Contingent Interest Rate:</p> | <p>8.00% per annum</p> |
| <p>CMS Reference Index Determination Date: U.S. Government Securities Business Day: Reference Asset:</p> | <p>During the Contingent Interest Rate Period, two (2) U.S. Government Securities Business Days prior to the related Interest Reset Date at the start of the applicable Interest Period.</p> <p>Any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.</p> <p>The Russell 2000® Index (Bloomberg Ticker: RTY)</p> <p>The closing level of the Reference Asset published on the Bloomberg page “RTY<Index>” or any successor page on Bloomberg or any successor service, as applicable; provided that during the Contingent Interest Rate Period, the Closing Level for any day from and including the 5th Index Business Day prior to the related Interest Payment Date shall be the Closing Level in effect for such 5th Index Business Day prior to such Interest Payment Date.</p> |
| <p>Closing Level:</p> | <p>In certain special circumstances, the Closing Level will be determined by the Calculation Agent, in its discretion, and such determinations will, under certain circumstances, be confirmed by an independent calculation expert. See “General Terms of the Notes—Unavailability of the Level of the Reference Asset on a Valuation Date” and “General Terms of the Notes—Market Disruption Events” beginning on page PS-19 and “Appointment of Independent Calculation Experts” on page PS-22, in the accompanying product prospectus supplement.</p> |
| <p>Trigger Level:</p> | <p>[] (equal to 75.00% of the Initial Level)</p> |

Index Business Day: Any day, as determined by the Calculation Agent, on which trading is generally conducted on each of the relevant exchanges for the Reference Asset, other than a day on which trading on such exchanges is scheduled to close prior to the time of the posting of its regular final weekday closing price.

Day Count Fraction: *Actual/Actual*. This means that the number of days in the relevant Interest Period will be based on the actual number of days in the period over the actual number of days in the year

Business Day Convention: *Following*. This means that if any Interest Payment Date falls on a day that is not a Business Day (including any Interest Payment Date that is also the Maturity Date or the Call Date), the relevant payment of interest will be made on the next Business Day.

Interest Period End Dates: Unadjusted. This means that the Interest Periods and resulting Interest Payments will not be adjusted if any Interest Payment Date falls on a day that is not a Business Day (including any Interest Payment Date that is also the Maturity Date or the Call Date).

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The Payment at Maturity per Note, excluding any Interest Payment, will be based on the performance of the Reference Asset and will be calculated as follows:

(a) If the Final Level is greater than or equal to the Barrier Level:

\$1,000; or

(b) If the Final Level is less than the Barrier Level:

\$1,000 + (Principal Amount × Percentage Change)

If the Final Level is less than the Barrier Level, you will suffer a significant loss on your initial investment (at least 50%) in an amount equal to the negative performance of the Reference Asset. Accordingly, you could lose up to 100% of your initial investment.

Initial Level: [] (equal to the Closing Level of the Reference Asset on the Pricing Date).

Final Level: The Closing Level of the Reference Asset on the Valuation Date.

The Percentage Change, expressed as a percentage, with respect to the Payment at Maturity, is calculated as follows:

Percentage

Change: **(Final Level – Initial Level) / Initial Level**

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

The calendar day which is fifth Index Business Day prior to the Maturity Date.

Valuation

Date: The Valuation Date could be delayed by the occurrence of a market disruption event. See “General Terms of the Notes—Market Disruption Events” beginning on page PS-19 in the accompanying product prospectus supplement.

Barrier Event: Applicable

Barrier Level: [] (equal to 50.00% of the Initial Level)

Monitoring
Period: Final Valuation Date Monitoring

Issuer Call

Right

The Notes may be called by us in whole, but not in part, on each Call Date, from and including the First Call Date, upon notice by us to DTC on or before the corresponding Call Notice Date, at an amount that will equal the Principal Amount of your Notes plus the Interest Payment, if any. If the Notes are called prior to the Maturity Date you will lose the opportunity to continue to be paid Interest Payments, if any, on the Notes.

Call Payment: Call payment will be made in an amount equal to (i) the Principal Amount per Note *plus* (i) the accrued and unpaid Interest Payment, if any.

Quarterly, on the last calendar day of each February, May, August, and November, commencing on the

Call Date: First Call Date, if any, for which we have given a call notice for the Notes, on or before the corresponding Call Notice Date.

First Call Date: February 28, 2014

Call Notice
Dates: 10 Business Days prior to the corresponding Call Date.

Miscellaneous

Form of Notes: Book-entry

Calculation Agent: Scotia Capital Inc., an affiliate of the Bank

Status: The Notes will constitute direct, unsubordinated and unsecured obligations of the Bank ranking *pari passu* with all other direct, unsecured and unsubordinated indebtedness of the Bank from time to time outstanding (except as otherwise prescribed by law). Holders will not have the benefit of any insurance under the provisions of the *Canada Deposit Insurance Corporation Act*, the U.S. *Federal Deposit Insurance Act* or under any other deposit insurance regime.

Tax Redemption: The Bank (or its successor) may redeem the Notes, in whole but not in part, at a redemption price determined by the Calculation Agent in a manner reasonably calculated to preserve your and our relative economic position, if it is determined that changes in tax laws or their interpretation will result in the Bank (or its successor) becoming obligated to pay additional amounts with respect to the Notes. See "Tax Redemption" below.

Listing: The Notes will not be listed on any securities exchange or quotation system.

Use of Proceeds: General corporate purposes

Clearance and Settlement: Depository Trust Company

Business Day: New York and Toronto

Terms Incorporated: All of the terms appearing above the item under the caption "General Terms of the Notes" beginning on page PS-14 in the accompanying product prospectus supplement, as modified by this pricing supplement.

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE YOUR ENTIRE PRINCIPAL AMOUNT. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL OR ANY INTEREST PAYMENT, IS SUBJECT TO THE CREDITWORTHINESS OF THE BANK. IF THE BANK WERE TO DEFAULT ON ITS PAYMENT OBLIGATIONS YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE NOTES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

Additional Terms Of Your Notes

You should read this pricing supplement together with the prospectus dated December 28, 2012, as supplemented by the prospectus supplement dated December 28, 2012 and the product prospectus supplement (Equity Linked Index Notes, Series A) dated December 28, 2012, relating to our Senior Note Program, Series A, of which these Notes are a part. Capitalized terms used but not defined in this pricing supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this pricing supplement will control. ***The Notes may vary from the terms described in the accompanying product prospectus supplement in several important ways. You should read this pricing supplement carefully.***

This pricing supplement, together with the documents listed below, contains the terms of the Notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Additional Risk Factors Specific to the Notes” in the accompanying product prospectus supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the SEC website at www.sec.gov as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website at

<http://www.sec.gov/cgi-bin/browse-edgar?company=&match=&CIK=9631&filenum=&State=&Country=&SIC=&owner=exc>

<http://www.sec.gov/Archives/edgar/data/9631/000119312512518291/d459446d424b3.htm>

Prospectus Supplement dated December 28, 2012:

<http://www.sec.gov/Archives/edgar/data/9631/000119312512518324/d457877d424b3.htm>

Product Prospectus Supplement for Equity Linked Index Notes, Series A dated December 28, 2012:

<http://www.sec.gov/Archives/edgar/data/9631/000119312512518388/d457883d424b5.htm>

The Bank of Nova Scotia has filed a registration statement (including a prospectus, a prospectus supplement, and a product prospectus supplement) with the SEC for the offering to which this pricing supplement relates. Before you invest, you should read those documents and the other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, The Bank of Nova Scotia, any agent or any dealer participating in this offering will arrange to send you the prospectus, the prospectus supplement and the product prospectus supplement if you so request by calling 1-416-866-3672.

Investor Suitability

The Notes may be suitable for you if:

You fully understand the risks inherent in an investment in the Notes, including the risk of not receiving any interest payments on the Notes after Year 1 and the risk of losing a substantial portion or all of your entire initial investment.

You seek current income from your investment but understand that interest payments on the Notes during the Contingent Interest Rate Period are contingent on both the level of the CMS Reference Index and the Reference Asset.

You can tolerate a loss of all or a substantial portion (at least 50%) of your initial investment and are willing to make an investment that has the downside market risk of an investment in the Reference Asset.

You understand and accept that you will not participate in any appreciation in the Reference Asset and that your potential return at maturity will be limited to the aggregate amount of the Interest Payments on the Notes.

You can tolerate fluctuations in the price of the Notes prior to maturity that will be based on many factors. Please see “Additional Risks - The Price at Which the Notes May Be Sold Prior to Maturity will Depend on a Number of Factors and May Be Substantially Less Than the Amount for Which They Were Originally Purchased” in this preliminary pricing supplement.

You are willing to hold the Notes to maturity, a term of approximately ten years, and accept that there may be little or no secondary market for the Notes.

You are willing to tolerate the possibility of having the Notes called prior to the Maturity Date, eliminating any opportunity thereafter for receiving any Interest Payments.

You are willing to assume the credit risk of the Bank for all payments under the Notes, and understand that if the Bank defaults on its obligations you may not receive any amounts due to you including any repayment of principal.

The Notes may not be suitable for you if:

You do not fully understand the risks inherent in an investment in the Notes, including the risk of not receiving any interest payments on the Notes after Year 1 and the risk of losing your entire initial investment.

You do not seek current income from your investment or you are unwilling to receive interest payments on the Notes during the Contingent Interest Rate Period that are contingent on both the level of the CMS Reference Index and the Reference Asset.

You require an investment designed to guarantee a full return of principal at maturity, subject to issuer credit risk, cannot tolerate a loss of all or a substantial portion (at least 50%) of your initial investment and are not willing to make an investment that has the downside market risk as an investment in the Reference Asset.

You seek an investment that participates in the appreciation in the level of the Reference Asset or has unlimited return potential.

You prefer to receive dividends paid on the stocks included in the Reference Asset.

You cannot tolerate fluctuations in the price of the Notes prior to maturity that will be based on many factors. Please see “Additional Risks - The Price at Which the Notes May Be Sold Prior to Maturity will Depend on a Number of Factors and May Be Substantially Less Than the Amount for Which They Were Originally Purchased” in this preliminary pricing supplement.

You believe that (i) the level of the CMS Reference Index will be at or below 0% on the CMS Reference Index Determination Dates, (ii) the Closing Level of the Reference Asset will likely be below the Trigger Level over the term of the Notes, (iii) that the Final Level will likely be below the Barrier Level on the Valuation Date or (iv) you believe the Reference Asset will appreciate over the term of the Notes by an amount in excess of the aggregate amount of Interest Payments received prior to and at maturity.

You are unwilling to hold the Notes to maturity, a term of approximately ten years, or you seek an investment for which there will be a secondary market.

You are not willing to tolerate the possibility of having the Notes called prior to the Maturity Date, eliminating any opportunity thereafter for receiving any Interest Payments.

You are not willing to assume the credit risk of the Bank for all payments under the Notes.

The investor suitability considerations identified above are not exhaustive. Whether or not the Notes are a suitable investment for you will depend on your individual circumstances and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisors have carefully considered the suitability of an investment in the Notes in light of your particular circumstances. You should also review “Additional Risks” in this preliminary pricing supplement and the “Additional Risk Factors Specific to the Notes” beginning on page PS-5 of the Product Prospectus Supplement for Equity Linked Index Notes, Series A for risks related to an investment in the Notes.

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EVENTS OF DEFAULT AND ACCELERATION

If the Notes have become immediately due and payable following an event of default (as defined in the accompanying prospectus) with respect to the Notes, the Calculation Agent will determine the default amount as described below.

Default Amount

The default amount for your Notes on any day (except as provided in the last sentence under “Default Quotation Period” below) will be an amount, in the specified currency for the principal of your Notes, equal to the cost of having a Qualified Financial Institution, of the kind and selected as described below, expressly assume all our payment and other obligations with respect to your Notes as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to you with respect to your Notes. That cost will equal:

· the lowest amount that a Qualified Financial Institution would charge to effect this assumption or undertaking, plus the reasonable expenses, including reasonable attorneys’ fees, incurred by the trustees of your Notes in preparing any documentation necessary for this assumption or undertaking.

During the Default Quotation Period for your Notes, described below, the trustees and/or the Bank may request a Qualified Financial Institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest—or, if there is only one, the only—quotation obtained, and as to which notice is so given, during the Default Quotation Period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the Qualified Financial Institution providing the quotation and notify the other party in writing of those grounds within two Business Days after the last day of the Default Quotation Period, in which case that quotation will be disregarded in determining the default amount.

Default Quotation Period

The Default Quotation Period is the period beginning on the day the default amount first becomes due (the “due day”) and ending on the third Business Day after that day, unless:

· no quotation of the kind referred to above is obtained, or
· every quotation of that kind obtained is objected to within five Business Days after the due day as described above. If either of these two events occurs, the Default Quotation Period will continue until the third Business Day after the first Business Day on which prompt notice of an objection is given as described above. If that quotation is objected to as described above within five Business Days after that first Business Day, however, the Default Quotation Period will continue as described in the prior sentence and this sentence.

Qualified Financial Institutions

For the purpose of determining the default amount at any time, a Qualified Financial Institution must be a financial institution organized under the laws of any jurisdiction in the United States of America, Europe or Japan, which at that time has outstanding debt obligations with a stated maturity of one year or less from the date of issue and that is, or whose securities are, rated either:

· A-1 or higher by Standard & Poor’s Ratings Services, or any successor, or any other comparable rating then used by that rating agency, or

· P-1 or higher by Moody’s Investors Service or any successor, or any other comparable rating then used by that rating agency.

If the Notes have become immediately due and payable following an event of default, you will not be entitled to any additional payments with respect to the Notes. For more information, see “Description of the Debt Securities We May Offer— Events of Default” beginning on page 21 of the accompanying prospectus.

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Tax Redemption

The Bank (or its successor) may redeem the Notes, in whole but not in part, at a redemption price determined by the Calculation Agent in a manner reasonably calculated to preserve your and our relative economic position, upon the giving of a notice as described below, if:

as a result of any change (including any announced prospective change) in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada (or the jurisdiction of organization of the successor to the Bank) or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the Pricing Date (or, in the case of a successor to the Bank, after the date of succession), and which in the written opinion to the Bank (or its successor) of legal counsel of recognized standing has resulted or will result (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which a payment is due, additional amounts with respect to the Notes; or on or after the Pricing Date (or, in the case of a successor to the Bank, after the date of succession), any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada (or the jurisdiction of organization of the successor to the Bank) or any political subdivision or taxing authority thereof or therein, including any of those actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to the Bank (or its successor), or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the written opinion to the Bank (or its successor) of legal counsel of recognized standing, will result (assuming, that such change, amendment or action is applied to the Notes by the taxing authority and that, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which a payment is due, additional amounts with respect to the Notes; and, in any such case, the Bank (or its successor), in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to it (or its successor).

The redemption price will be determined by the Calculation Agent in its discretion and such determination will, under certain circumstances, be confirmed by an independent calculation expert. See “Appointment of Independent Calculation Experts” on page PS-22 in the accompanying product prospectus supplement.

In the event the Bank elects to redeem the Notes pursuant to the provisions set forth in the preceding paragraph, it shall deliver to the trustees a certificate, signed by an authorized officer, stating that the Bank is entitled to redeem such Notes pursuant to their terms in whole only.

The Bank will give notice of intention to redeem such Notes to holders of the Notes not more than 45 nor less than 30 days prior to the date fixed for redemption specifying, among other things, the date fixed for redemption, and on or promptly after the redemption date, it will give notice of the redemption price.

Hypothetical Payments On the Notes**Interest Payments**

The table below presents examples of hypothetical interest that would accrue on the Notes during any quarter in the Contingent Interest Rate Period. The examples below are for purposes of illustration only. The examples of the hypothetical Contingent Interest Rate that would accrue on the Notes are based both on the level of the CMS Reference Index and on the total number of calendar days in a quarterly Interest Period on which the Reference Asset is greater than or equal to the Trigger Level.

The actual Interest Payments during the Contingent Interest Rate Period will depend on the actual level of the CMS Reference Index on each CMS Reference Index Determination Date and the actual level of the Reference Asset on each day during the relevant Interest Period. The applicable Contingent Interest Rate for each quarterly Interest Period will be determined on a per-annum basis but will apply only to that Interest Period. The table assumes that the Interest Period contains 90 calendar days. The examples below are for purposes of illustration only and would provide different results if different assumptions were made.

| CMS Reference Index | Leverage Factor x CMS Reference Index | Hypothetical Interest Rate | | | | | | |
|---------------------------|--|---|---------|---------|---------|---------|---------|---------|
| | | Number of accrual days on which the Reference Asset is greater than or equal to 75.00% | | | | | | |
| | | 0 | 10 | 20 | 30 | 50 | 75 | 90 |
| -2.60% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -2.40% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -2.20% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -2.00% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -1.80% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -1.60% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -1.40% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -1.20% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -1.00% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -0.80% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -0.60% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -0.40% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| -0.20% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| 0.00% | 0.00% | 0.00% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| 0.20% | 0.80% | 0.00% | 0.0889% | 0.1778% | 0.2667% | 0.4444% | 0.6667% | 0.8000% |
| 0.40% | 1.60% | 0.00% | 0.1778% | 0.3556% | 0.5333% | 0.8889% | 1.3333% | 1.6000% |
| 0.60% | 2.40% | 0.00% | 0.2667% | 0.5333% | 0.8000% | 1.3333% | 2.0000% | 2.4000% |
| 0.80% | 3.20% | 0.00% | 0.3556% | 0.7111% | 1.0667% | 1.7778% | 2.6667% | 3.2000% |
| 1.00% | 4.00% | 0.00% | 0.4444% | 0.8889% | 1.3333% | 2.2222% | 3.3333% | 4.0000% |
| 1.20% | 4.80% | 0.00% | 0.5333% | 1.0667% | 1.6000% | 2.6667% | 4.0000% | 4.8000% |
| 1.40% | 5.60% | 0.00% | 0.6222% | 1.2444% | 1.8667% | 3.1111% | 4.6667% | 5.6000% |
| 1.60% | 6.40% | 0.00% | 0.7111% | 1.4222% | 2.1333% | 3.5556% | 5.3333% | 6.4000% |
| 1.80% | 7.20% | 0.00% | 0.8000% | 1.6000% | 2.4000% | 4.0000% | 6.0000% | 7.2000% |
| 2.00% | 8.00% | 0.00% | 0.8889% | 1.7778% | 2.6667% | 4.4444% | 6.6667% | 8.0000% |
| 2.20% | 8.00% | 0.00% | 0.8889% | 1.7778% | 2.6667% | 4.4444% | 6.6667% | 8.0000% |
| 2.40% | 8.00% | 0.00% | 0.8889% | 1.7778% | 2.6667% | 4.4444% | 6.6667% | 8.0000% |
| 2.60% | 8.00% | 0.00% | 0.8889% | 1.7778% | 2.6667% | 4.4444% | 6.6667% | 8.0000% |
| 2.80% | 8.00% | 0.00% | 0.8889% | 1.7778% | 2.6667% | 4.4444% | 6.6667% | 8.0000% |
| 3.00% | 8.00% | 0.00% | 0.8889% | 1.7778% | 2.6667% | 4.4444% | 6.6667% | 8.0000% |
| 3.20% | 8.00% | 0.00% | 0.8889% | 1.7778% | 2.6667% | 4.4444% | 6.6667% | 8.0000% |

If 30CMS is less than or equal to 2CMS on the applicable CMS Reference Index Determination Date, the Contingent Interest Rate will be the Minimum Contingent Interest Rate of 0.00% and no interest will accrue on the notes for such Interest Period regardless of the total number of calendar days in the Contingent Interest Period on which the Reference Asset is greater than or equal to the Trigger Level.

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Payment at Maturity

The examples set out below are included for illustration purposes only. The hypothetical levels of the Reference Asset used to illustrate the calculation of the Payment at Maturity are not estimates or forecasts of the Initial Level, the Final Level or the Closing Level of the Reference Asset on the Valuation Date or on any trading day prior to the Maturity Date. All examples assume that a holder purchased Notes with an aggregate Principal Amount of \$1,000.00, Initial Level of 920.00, the Barrier Level of 460.00 (50% of the Initial Level), and that no market disruption event occurs on the Valuation Date. Amounts below may have been rounded for ease of analysis.

Example 1 Final Level is below the Barrier Level

$$\begin{aligned} \text{Final Level:} & \quad 300.00 \\ & \quad \$1,000.00 + (\$1,000.00 \times \text{the Percentage Change}) = \\ & \quad \$1,000.00 + (\$1,000.00 \times [(276.00 - 920.00) / 920.00]) = \\ \text{Payment at Maturity:} & \quad \$1,000.00 + (\$1,000.00 \times -70.00\%) = \\ & \quad \$1,000.00 - 700.00 = 300.00 \end{aligned}$$

If the Final Level is less than the Barrier Level, you w