

Scotia Capital Inc.  
Statement of Policies



# Introduction

Scotia Capital Inc. (“we,” “our,” “us,” or “the firm”) is providing this Statement of Policies concerning conflicts of interest with related and connected issuers (“Statement of Policies”) to you, our clients, to disclose to you our relationships in respect of securities of related or connected issuers and certain other issuers where conflicts of interest may arise. This Statement of Policies is effective as of November 1, 2013, except where otherwise expressly noted.

Under certain circumstances we may deal with or for you in securities where we, or a party with an ownership or business relationship with us, are the issuer of the securities. Since these relationships may create a conflict or the appearance of a conflict between our interests and yours, we have adopted policies and procedures to assist us in identifying and minimizing any conflicts of interest that may arise. The terms “influential securityholder,” “related issuer” and “connected issuer” are used to describe these relationships, and are explained below.

*Influential Securityholder* – An influential securityholder exercises influence over an issuer on the basis of direct or indirect ownership of securities aggregating more than 20% of the voting rights or entitlements to distributions of an issuer (or more than 10% if accompanied by the entitlement to nominate at least 20% of a board of directors).

*Related Issuer* – A person or company is a related issuer to the firm if:

- they are an influential securityholder of the firm;
- we are an influential securityholder of the person or company; or
- each of us is a related issuer of the same third person or company.

*Connected Issuer* – An issuer or selling securityholder is a connected issuer of the firm if they are distributing securities and one of them, or a related issuer of one of them, has a relationship with

- the firm;
- a related issuer to the firm;
- a director, officer or partner employed by the firm; or
- a director, officer or partner of a related issuer to the firm

that may lead a reasonable prospective purchaser of the securities to question if we are independent of the issuer or selling securityholder for the distribution.

Scotia Capital Inc. is required to make certain disclosures where we act as your dealer, advise you, or exercise discretion on your behalf with respect to securities issued or traded by us that are securities of a related issuer or, in the course of a distribution, a connected issuer. Please note, however, that this Statement of Policies does not list our relationships with related or connected issuers that are funds containing the name “Scotia,” which readily identifies them as affiliates of Scotia Capital Inc.

**Scotia Capital Inc. has a relationship with the issuers listed in this Statement of Policies. Scotia Capital Inc., its directors, officers, partners, sales staff and/or other employees may from time to time recommend that you trade in, or provide to you advice about, or trade on a discretionary basis on your behalf in, or sell or underwrite a security issued by these listed issuers. If you require further information concerning the relationship between the firm and these listed issuers, please contact us. This Statement of Policies is updated annually and is also provided at the following times and in the following manner:**

- *When you open an account with Scotia Capital Inc., we will deliver to you our Statement of Policies, which we will update annually and make available to you on request. This Statement of Policies will also be available through the Scotiabank website.*

- *When we participate as an underwriter or as a member of a selling group of securities of a related or connected issuer, we will disclose our relationship to the issuer in the prospectus or other document being used to qualify these securities.*
- *When we buy or sell securities of a related or connected issuer for your account, we will disclose our relationship to the issuer in the trade confirmation and monthly account statement which we prepare and send to you.*
- *When we advise you with respect to the purchase or sale of securities of a related or connected issuer, or we act as a portfolio manager and exercise discretionary authority to purchase or sell securities of a related or connected issuer for your account, disclosure will be made in advance of our giving the advice or exercising our discretion, either through the delivery of this Statement of Policies, the posting of this Statement of Policies on our website, disclosure in the account agreement governing your account (which disclosure will also provide for the client's consent to such transactions) or otherwise.*

Scotia Capital Inc. may have acted, and is prepared to continue to act, as an adviser, dealer, member of a selling group, or underwriter with respect to securities of its related or connected issuers and to provide the full range of services customarily provided by us in respect of securities of other issuers. We shall carry out such services in the ordinary course of our business in accordance with our usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.

# Related Issuers

The following is a list of entities that are related issuers of Scotia Capital Inc. or who, by reason of its relationship with The Bank of Nova Scotia (also referred to as “Scotiabank”) or one of its subsidiaries, may be deemed to be related to Scotia Capital Inc.

## *The Bank of Nova Scotia*

The Bank of Nova Scotia is the parent company of Scotia Capital Inc.

## *Banco del Caribe (Venezuela)*

Scotia International Limited, a subsidiary of The Bank of Nova Scotia, is an influential securityholder of Banco del Caribe (Venezuela).

## *CI Financial Corp.*

The Bank of Nova Scotia is an influential securityholder of each of CI Financial Corp. and of Scotia Capital Inc. As a result, CI Financial Corp. and any related issuer of CI Financial Corp. may be considered a related issuer of Scotia Capital Inc. Accordingly, the following issuers are related issuers of Scotia Capital Inc.:

- CI Master Limited Partnership
- CI Investments Inc.
- Each of the following mutual fund families which are managed by CI Investments Inc. and are classes of shares of CI Corporate Class Limited:
  - Black Creek Funds
  - Cambridge Funds
  - CI Funds
  - Harbour Funds
  - Portfolio Select Series
  - Red Sky Funds
  - Signature Funds
  - Synergy Funds
- Trident Performance Corp. and Trident Performance Corp. II, which are closed-end investment funds managed by CI Investments Inc.

*CrediScotia Financiera S.A. (formerly Banco del Trabajo, S.A.)*

Scotiabank Peru, S.A.A., is a subsidiary of The Bank of Nova Scotia, is an influential securityholder of Crediscotia Financiera S.A.

*NexGen Canadian Bond Registered Fund*

The Bank of Nova Scotia is an influential securityholder of NexGen Canadian Bond Registered Fund.

*NexGen Corporate Bond Registered Fund*

The Bank of Nova Scotia is an influential securityholder of NexGen Corporate Bond Registered Fund.

*Profuturo AFP S.A.*

Scotia Peru Holdings S.A., is a subsidiary of The Bank of Nova Scotia, is an influential securityholder of Profuturo AFP S.A.

*Scotia Investments Jamaica Limited*

Scotia Group Jamaica Limited, a subsidiary of The Bank of Nova Scotia, is an influential securityholder of Scotia Investments Jamaica Limited.

*Scotia Group Jamaica Limited*

The Bank of Nova Scotia is an influential securityholder of Scotia Group Jamaica Limited.

*Scotiabank Capital Trust*

Scotiabank Capital Trust issues Scotia BaTS II. The Bank of Nova Scotia is the parent company and the administrator of Scotiabank Capital Trust.

*Scotiabank Inverlat, S.A.*

Group Financiero Scotiabank Inverlat, S.A. de C.V., a subsidiary of the Bank of Nova Scotia, is an influential securityholder of Scotiabank Inverlat, S.A.

*Scotiabank Peru S.A.A.*

NW Holdings Ltd., a subsidiary of The Bank of Nova Scotia, is an influential securityholder of Scotiabank Peru S.A.A.

*Scotiabank Chile (formerly Scotiabank Sud Americano, S.A. (Chile))*

Nova Scotia Inversiones Limitada, a subsidiary of The Bank of Nova Scotia, is an influential securityholder of Scotiabank Chile.

*Scotiabank Tier 1 Trust*

Scotiabank Tier 1 Trust issues Scotia BaTS III. The Bank of Nova Scotia is the parent company and the administrator of Scotiabank Tier 1 Trust.

*Scotiabank Trinidad and Tobago Limited*

The Bank of Nova Scotia is an influential securityholder of Scotiabank Trinidad and Tobago Limited.

# Connected Issuers

The following is a list of entities and fund families that are, or may be deemed to be, connected issuers of Scotia Capital Inc.

## *Funds managed by 1832 Asset Management L.P.*

These funds or fund families are managed by 1832 Asset Management L.P., an indirect wholly-owned subsidiary of The Bank of Nova Scotia:

- DPF India Opportunities Fund
- Dynamic Funds

A family of funds known as the Dynamic Funds. The name of each of the funds within the Dynamic Funds family includes the word “Dynamic” or “DMP.” The Dynamic Funds are comprised of mutual fund trusts or are classes of shares of Dynamic Global Fund Corporation. The DMP Funds are classes of shares of Dynamic Managed Portfolios Ltd.

- Dynamic Hedge Funds

A family of funds known as the Dynamic Hedge Funds. As with the Dynamic Funds above, the name of each of the funds within the Dynamic Hedge Funds family includes the word “Dynamic.” The Dynamic Hedge Funds are sold through an offering memorandum and are generally available to investors that can meet a certain minimum amount of money to invest. The Dynamic Hedge Funds family is comprised of the funds:

- Dynamic Alpha Performance Fund
  - Dynamic Contrarian Fund
  - Dynamic Focus + Alternative Fund
  - Dynamic Income Opportunities Fund
  - Dynamic Multi Strategy Hedge Fund
  - Dynamic Power Hedge Fund
  - Dynamic Real Estate & Infrastructure Income Fund
- 1832 Asset Management - Pooled Funds

A family of funds known as the 1832 Asset Management - Pooled Funds. Each of the funds within this fund family includes the name “1832.”



- Marquis Investment Program

Marquis Institutional Solutions and Marquis Portfolio Solutions are the names of the Marquis Investment Program fund families. The name of each of the funds within the Marquis Funds family includes the word “Marquis”.

- Dynamic Protected Funds
- Dynamic Venture Opportunities Fund Ltd.

*Commission Financing Vehicles for certain funds managed by 1832 Asset Management L.P.*

The following entities are financing vehicles used for and paying the selling commissions related to the distribution of units sold on a redemption charge basis managed by 1832 Asset Management L.P.:

- Infinity 1997 Limited Partnership
- O'Donnell 1996 Limited Partnership
- O'Donnell 1997 Limited Partnership

*Funds managed by Aurion Capital Management Inc.*

This fund family is managed by Aurion Capital Management Inc., an indirect subsidiary of The Bank of Nova Scotia:

- Aurion Capital Management – Pooled Funds

A family of funds known as the Aurion Capital Management – Pooled Funds. The name of each of the funds within this fund family includes the word “Aurion”.

*Funds managed by CI Investments Inc.*

These fund families are comprised of mutual fund trusts managed by CI Investments Inc., an affiliate of CI Financial Corp.:

- Black Creek Funds
- Cambridge Funds
- CI Funds
- Harbour Funds
- Lawrence Park Funds
- Portfolio Series
- Signature Funds
- Synergy Funds

These TSX listed closed-end investment trusts (known by the fund family name “Skylon funds”) managed by CI Investments Inc., an affiliate of CI Financial Corp.:

- Convertible & Yield Advantage Trust
- DDJ High Yield Fund
- High Yield & Mortgage Plus Trust
- Skylon All Asset Trust
- Skylon Growth & Income Trust
- Skylon International Advantage Yield Trust
- Yield Advantage Income Trust

*Funds managed by ING Direct Asset Management Limited*

This fund family is comprised of mutual fund trusts managed by ING Direct Asset Management Limited, a wholly-owned subsidiary of The Bank of Nova Scotia:

- ING Direct Streetwise Portfolios

A family of funds known as the ING Direct Streetwise Portfolios. The name of each of the funds within the ING Direct Streetwise Portfolio family includes the words “ING Direct Streetwise.”

In addition, in certain circumstances issuers with whom Scotiabank, Scotia Capital Inc. or their related issuers has a business relationship (such as being borrowers from Scotiabank or issuers in which Scotiabank has a significant investment) may be considered connected issuers of Scotiabank. In certain provinces, the issuers listed as connected issuers may be considered to be related issuers of Scotia Capital Inc. because Scotia Capital Inc. has the power to exercise a controlling influence over the issuer’s management or policy.

# Other Related or Connected Issuers

Below is a list of entities that are, or may be deemed to be, related issuers or connected issuers of Scotia Capital Inc. Scotia Managed Companies Administration Inc. acts as administrator of these entities for a fee and certain directors or officers of these entities are employees of Scotia Capital Inc. Also, from time to time, the Bank of Nova Scotia or Scotia Capital Inc. may be an influential securityholder or a counterparty in certain derivative transactions with these entities.

- Advantaged Canadian High Yield Bond Fund
- AllBanc Split Corp.
- AllBanc Split Corp. II
- Anchor Managed Defensive Income Fund
- Anchor Managed Dividend Growth Fund
- Anchor Managed High Income Fund
- BNS Split Corp. II
- Canadian Resources Income Trust (CaRIT)
- Canadian Wireless Trust
- Cascadia Diversified Monthly Income Fund
- Kingsway Linked Return of Capital Trust
- Moneda Latam Corporate Bond Fund
- Moneda Latam Fixed Income Fund
- Moneda Latam Growth Fund
- NewGrowth Corp.
- R Split III Corp.
- SCITI ROCS Trust
- SCITI Trust
- SMC Man AHL Alpha Fund
- Top 20 Dividend Trust
- Top 20 Europe Dividend Trust
- Top 20 U.S. Dividend Trust
- Utility Corp.

# Other Relationships

## *Related Registrants*

A dealer which is registered in Ontario and has a principal shareholder, officer or director that is a principal shareholder, officer or director of another registrant may have a conflict of interest. Consequently, we are disclosing to you our relationship to other registrants in which The Bank of Nova Scotia has either at least a 10% ownership of the registrant or has at least a 10% ownership in an entity that controls the registrant.

The following is a list of registrants under the *Securities Act* (Ontario) which are wholly-owned, directly or indirectly, by The Bank of Nova Scotia:

- 1832 Asset Management L.P.
- HollisWealth Advisory Services Inc.
- ING Direct Asset Management Limited
- ING Direct Funds Limited
- Scotia Capital Inc.
- Scotia Managed Companies Administration Inc.
- Scotia Securities Inc.

In addition, the following is a list of registrants under the *Securities Act* (Ontario) in which Scotia Capital Inc. or The Bank of Nova Scotia has either at least a 10% ownership of the registrant or has at least a 10% ownership in an entity that controls the registrant:

- Assante Capital Management Ltd.
- Assante Financial Management Ltd.
- Aurion Capital Management Inc.
- CI Fund Services Inc.
- CI Investments Inc.
- CI Private Counsel L.P.
- Perimeter Markets Inc.

## *Special Purpose Entities*

The following is a list of special purpose entities that are managed by, or have a relationship with, Scotia Capital Inc., The Bank of Nova Scotia, and/or their affiliates:

- Scotia Capital Inc. is the administrator of the following asset-backed commercial paper conduits:
  - Bay Street Funding Trust
  - King Street Funding Trust

- Scotia Covered Bond Trust:

Scotia Covered Bond Trust is a special purpose trust which acts as Guarantor under The Bank of Nova Scotia's Global Public Sector Covered Bond Programme. The Bank of Nova Scotia is a beneficiary and the administrator of the Scotia Covered Bond Trust. Montreal Trust Company of Canada, the Trustee of the Scotia Covered Bond Trust, is an indirect wholly-owned subsidiary of The Bank of Nova Scotia.

- Hollis Receivables Term Trust II:

Scotia Capital Inc. is a dealer for the medium term note program of the trust, which purchases interests in a revolving pool of receivables established by The Bank of Nova Scotia.

## *TMX Group Limited*

Scotia Capital Inc. owns or controls less than a 10% equity interest in the TMX Group Limited ("TMX") and has a nominee director serving on its Board of Directors. As such, Scotia Capital Inc. may be considered to have an economic interest in TMX which creates the potential for conflicts of interest between Scotia Capital Inc. and TMX and the marketplaces or entities owned and operated by it, including the Toronto Stock Exchange, the TSX Venture

Exchange, the Alpha Exchange and related Alpha entities (referred to as “Alpha”), Clearing and Depository Services Inc., Canadian Derivatives Clearing Corporation, Montreal Exchange Inc. and the services and products each provides. In order to address potential conflicts of interest, Scotia Capital Inc. is required to meet certain terms and conditions pursuant to recognition orders issued by the Ontario Securities Commission on July 4, 2012 and by the Autorité des marchés financiers on May 2, 2012.

### *Other Conflicts of Interest*

ScotiaMcLeod, Scotia iTRADE and HollisWealth are divisions of Scotia Capital Inc. Although Scotia Capital Inc. is under common ownership with the other registrants and may from time to time have directors and officers in common with the other registrants, Scotia Capital Inc. is a separate and distinct corporate entity.

Scotia Capital Inc. generally carries on its securities underwriting, sales, trading, research and other activities independent of the other registrants owned by Scotiabank. However, from time to time there may be certain cooperative business arrangements between it and the other registrants, such as arrangements relating to introduction of clients, distribution of products, advisory relationships, or administrative support.

In addition to applicable regulatory provisions and contractual provisions respecting any business arrangements that may exist between Scotia Capital Inc. and the other registrants, the directors, officers and employees of each of the registrants are subject to Guidelines or Codes of Conduct governing their actions. These Guidelines are supplemented by our internal compliance policies and procedures.

Scotia Capital Inc. is a member of the Canadian Investor Protection Fund.

<sup>TM</sup> Trademark of The Bank of Nova Scotia, used under license.



