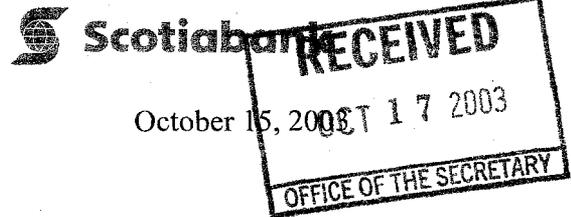


The Bank of Nova Scotia  
General Counsel's Department, Executive Offices  
Scotia Plaza, 44 King Street West  
Toronto, Ontario  
Canada M5H 1H1  
Fax (416) 866-7767

#2



Mr. Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street N.W.  
Washington, D.C. 20549-0609

Dear Mr. Katz,

Re: **Proposed Foreign Bank Exemption from the Insider Lending Prohibition of Exchange Act 13(k), Release No. 34-48481 – File No. S7-15-03**

We submit this letter in response to the request for comments published in the above-noted Proposed Rule. We support the Commission's initiative to address the disparate treatment of foreign banks. However, we suggest that the Commission should revise the Proposed Rule, in order to achieve that objective.

We are familiar with and support submissions being made to the Commission by the Canadian Bankers Association, Sullivan & Cromwell LLP and the Institute of International Bankers.

In particular, we agree that the Proposed Rule should be amended in the following ways:

- The Proposed Rule should permit extensions of credit that comply *in fact* with any of the three standards, without regard to whether the home country law or regulation mandates those specific standards.
- Extend the scope of the exemption to clearly permit loans and arrangements for extension of credit by a bank to directors or executive officers of any affiliate or subsidiary and by a subsidiary to directors or executive officers of the bank.
- Permit the bank's Board to delegate approval authority to a committee of the Board.
- Express the limit as \$500,000 "or such amount applicable to US domestic banks as may be increased from time to time" – and we encourage you to increase that threshold amount.
- Any bank that is organized in a jurisdiction that the Federal Reserve has concluded has comprehensive, consolidated supervision should be exempt (on a country basis).

We support the alternative exemption criteria of a deposit insurance system and the deference shown to the general home jurisdiction deposit insurance requirements.

We appreciate this opportunity to comment on the Proposed Rule.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Deborah M. Alexander', is written over a faint, larger version of the same signature.

Deborah M. Alexander  
Executive Vice-president  
General Counsel and Secretary