

BANK OF NOVA SCOTIA /
Form 40-F
December 02, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 40-F

[Check one]

REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934
or

ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2011

Commission File Number 002-09048

THE BANK OF NOVA SCOTIA

(Exact name of Registrant as specified in its charter)

CANADA

(Province or other jurisdiction of incorporation or organization)

6029

(Primary Standard Industrial Classification Code Number (if applicable))

Not Applicable

(I.R.S. Employer Identification Number (if applicable))

44 King St. West, Scotia Plaza, 8th floor,

Toronto, Ontario, Canada M5H 1H1

(416) 866-3672

(Address and telephone number of Registrant's principal executive offices)

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The Bank of Nova Scotia, One Liberty Plaza, 25th floor,

New York, N.Y., U.S.A. 10006

Attention: William R. Ebbels

(212) 225-5000

(Name, address (including zip code) and telephone number (including area code)

of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of each exchange on which registered

Common

New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not applicable

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not applicable

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

Annual information form Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

| | |
|-----------------------------|---------------|
| Common Shares | 1,089,478,980 |
| Preferred Shares, Series 12 | 12,000,000 |
| Preferred Shares, Series 13 | 12,000,000 |
| Preferred Shares, Series 14 | 13,800,000 |
| Preferred Shares, Series 15 | 13,800,000 |
| Preferred Shares, Series 16 | 13,800,000 |
| Preferred Shares, Series 17 | 9,200,000 |
| Preferred Shares, Series 18 | 13,800,000 |
| Preferred Shares, Series 20 | 14,000,000 |
| Preferred Shares, Series 22 | 12,000,000 |
| Preferred Shares, Series 24 | 10,000,000 |
| Preferred Shares, Series 26 | 13,000,000 |
| Preferred Shares, Series 28 | 11,000,000 |
| Preferred Shares, Series 30 | 10,600,000 |
| Preferred Shares, Series 32 | 16,345,767 |

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the Exchange Act). If Yes is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

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Yes 82- No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

CONTROLS AND PROCEDURES

Management's responsibility for financial information contained in the Annual Report is described on page 110 of Exhibit 3, 2011 Consolidated Financial Statements. In addition, the Bank's Audit and Conduct Review Committee of the Board of Directors has reviewed, and the Board of Directors has reviewed and approved, the 2011 Consolidated Financial Statements and Management's Discussion and Analysis prior to release. Scotiabank is committed to providing timely, accurate and balanced disclosure of all material information and to providing fair and equal access to such information. The Bank's disclosure policies and practices are published on its website.

Disclosure Controls and Procedures

The Bank's disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the Bank's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

As of October 31, 2011, the Bank's management, with the participation of the CEO and CFO, evaluated the effectiveness of its disclosure controls and procedures, as defined under the rules adopted by the United States Securities and Exchange Commission (SEC) and the Canadian securities regulatory authorities, and have concluded that the Bank's disclosure controls and procedures are effective.

Internal control over financial reporting

Management of the Bank is responsible for establishing and maintaining adequate internal control over financial reporting. These controls include policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Bank's assets that could have a material effect on the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Bank's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

Management assessed the effectiveness of internal control over financial reporting, using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, and based on that assessment concluded that internal control over financial reporting was effective, as at October 31, 2011.

Changes in internal control over financial reporting

There have been no changes in the Bank's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting during the year ended October 31, 2011.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm are provided in Exhibit 4.

AUDIT COMMITTEE FINANCIAL EXPERT

All of the members of the Bank's Audit and Conduct Review Committee of the Board of Directors (audit committee) are financially literate and independent, and one or more members of the audit committee meet the definition of a financial expert. The Bank's Board of Directors has determined that Mr. Ronald A. Brennehan is an audit committee financial expert and is independent, as that term is defined by the New York Stock Exchange's corporate governance standards applicable to the Bank.

The SEC has indicated that the designation of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the audit committee and board of directors in the absence of such designation.

CODE OF ETHICS

The Bank has adopted a code of ethics, entitled Guidelines for Business Conduct (the Guidelines). These Guidelines have been in place for many years and apply to all directors, officers and employees of the Bank. Effective August 1, 2008, the Guidelines were updated to reflect current industry best practices. A copy of the revised Guidelines was filed as an exhibit to Form 6-K filed with the SEC (EDGAR Company Filings) on August 1, 2008. The Guidelines are available on the Bank's website at www.scotiabank.com, in the Corporate Governance section, and are available in print to any person, without charge, upon written request to the Secretary of the Bank at the Toronto executive office address shown above. A supplement to the Guidelines, entitled Financial Reporting Whistleblower Policy, is also posted on the Bank's website. Amendments to the Guidelines and waivers, if any, for directors and executive officers will be disclosed on the Bank's website. There were no such waivers granted in fiscal 2011.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The disclosure provided in Table 55 Fees paid to the shareholders' auditors on page 98 of Exhibit 2, Management's Discussion and Analysis, is incorporated by reference herein. The nature of these services is described below:

Audit services generally relate to the statutory audits and review of financial statements, professional services associated with the Bank's International Financial Reporting Standards (IFRS) transition, regulatory required attestation reports, as well as services associated with registration statements, prospectuses, periodic reports and other documents filed with securities regulatory bodies or other documents issued in connection with securities offerings.

Audit-related services include attest services required by regulatory bodies not directly linked to the financial statements, review of controls and procedures related to regulatory reporting, audits of employee benefit plans, special attest services not required by statute or regulation, but requested by a party to a specific transaction, consultation and training on accounting and financial reporting under IFRS.

Tax services outside of the audit scope relate primarily specified review procedures required by local tax authorities, attestation on tax returns of certain subsidiaries as required by local tax authorities, and review to determine compliance with an agreement with the tax authorities.

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Other non-audit services are primarily for the review and translation of English language financial statements into other languages.

None of the above services were approved pursuant to an exemption under paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X from the requirement that the audit committee pre-approve the services. The majority of the hours expended on the audits of the 2011 and 2010 consolidated financial statements were attributable to work performed by the full-time permanent employees of the Bank's independent auditors, KPMG LLP or its affiliates. The Audit and Conduct Review Committee's pre-approval policies and procedures, as revised effective March 5, 2007, were attached as Exhibit 7 to the Form 40-F filed on December 19, 2007 for the fiscal year ended October 31, 2007. The pre-approval policies and procedures have been subsequently approved without changes at each annual review.

OFF-BALANCE SHEET ARRANGEMENTS

The disclosure provided under Off-Balance Sheet Arrangements on pages 47 to 50 and Variable Interest Entities on page 81 of Exhibit 2, Management's Discussion and Analysis, is incorporated by reference herein. Additional information from note 1 on pages 117 to 122, note 4(c) on pages 127 and 128, note 6 on page 130, note 13 on pages 133 and 134, note 14 on pages 135 and 136, note 15 on page 137, note 24 on pages 150 to 152, note 25 on pages 152 to 159, note 26 on pages 159 to 161, and note 28 on pages 162 to 166 of Exhibit 3, 2011 Consolidated Financial Statements, is incorporated by reference into Off-Balance Sheet Arrangements in Management's Discussion and Analysis.

CONTRACTUAL OBLIGATIONS

The disclosure provided under Contractual Obligations on page 75 of Exhibit 2, Management's Discussion and Analysis, is incorporated by reference herein. Additional information from note 10 on page 132, note 20 on pages 144 to 146, note 24 on pages 150 to 152, note 25 on pages 152 to 159, and note 26 on pages 159 and 161 of Exhibit 3, 2011 Consolidated Financial Statements, is incorporated by reference into Contractual Obligations in Management's Discussion and Analysis.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Bank's audit committee is composed of the following directors: Michael J.L. Kirby (Chair), Ronald A. Brenneman, Thomas C. O'Neill, Alexis E. Rovzar de la Torre, Indira V. Samarasekera, Paul D. Sobey, and Barbara S. Thomas. Ex-officio member: John T. Mayberry. Ms. Susan Segal was appointed a director of the Bank and a member of the Audit and Conduct Review Committee effective as at the close of the Board of Directors meeting on December 2, 2011.

SUMMARY OF SIGNIFICANT CORPORATE GOVERNANCE DIFFERENCES

A summary of significant ways corporate governance practices followed by the Bank differ from corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange's listing standards (disclosure required by Section 303A.11 of the NYSE Listed Company Manual) is available on the Bank's website at www.scotiabank.com/governance.

Undertaking

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Signatures

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant:

THE BANK OF NOVA SCOTIA

By: /s/ Luc A. Vanneste

Name: Luc A. Vanneste

Title: Executive Vice President and

Chief Financial Officer

Date: December 2, 2011

EXHIBIT INDEX

| Exhibit No. | Description |
|--------------------|---|
| 1. | Annual Information Form dated December 2, 2011 |
| 2. | Management's Discussion and Analysis (pages 24 through 107 of the 2011 Annual Report) |
| 3. | 2011 Consolidated Financial Statements (pages 109 through 173 of the 2011 Annual Report) |
| 4. | Management's Report on Internal Control over Financial Reporting and Report of Independent Registered Public Accounting Firm (page 108 of the 2011 Annual Report) |
| 5. | Corporate Governance |
| 6. | Auditors' Consent |
| 7. | Certifications required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002 |
| 8. | Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002 |