

BANK OF NOVA SCOTIA

Form 424B2

November 06, 2017

The information in this 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, nor are we soliciting offers to buy these notes, in any State where such offer or sale is not permitted.

Subject to Completion. Dated November 6, 2017

Filed Pursuant to Rule 424(b)(2)

Registration No. 333-215597

The Bank of Nova Scotia

\$ Capped Buffered Enhanced Participation Basket-Linked Notes Due [ ]

The notes will not bear interest. The amount that you will be paid on your notes at maturity (expected to be the 3<sup>rd</sup> business day after the valuation date) is based on the performance of a weighted basket comprised of the EURO STOXX 50<sup>®</sup> Index (37.00% weighting), the FTSE<sup>®</sup> 100 Index (23.00% weighting), TOPIX (23.00% weighting), the Swiss Market Index (9.00% weighting) and the S&P/ASX 200 Index (8.00% weighting) as measured from the trade date to and including the valuation date (expected to be between 27 and 30 months after the trade date). The initial basket level is 100 and the final basket level will equal the sum of the products, as calculated for each basket component, of: (i) the final index level divided by the initial index level (set on the trade date and may be higher or lower than the actual closing level of the basket component on the trade date) multiplied by (ii) the applicable initial weighted value for each basket component. If the final basket level on the valuation date is greater than the initial basket level, the return on your notes will be positive, subject to the maximum payment amount (expected to be between \$1,440.98 and \$1,518.50 for each \$1,000 principal amount of your notes). If the final basket level declines by up to 15.00% from the initial basket level, you will receive the principal amount of your notes. If the final basket level declines by more than 15.00% from the initial basket level, the return on your notes will be negative and you may lose your entire principal amount. Specifically, you will lose approximately 1.1765% for every 1% negative basket return below 85% of the initial basket level. Any payment on your notes is subject to the creditworthiness of The Bank of Nova Scotia.

To determine your payment at maturity, we will calculate the basket return, which is the percentage increase or decrease in the final basket level from the initial basket level. At maturity, for each \$1,000 principal amount of your notes:

if the final basket level is greater than the initial basket level (the basket return is positive), you will receive an amount in cash equal to the sum of (i) \$1,000 plus (ii) the product of (a) \$1,000 times (b) the basket return times (c) 170%, subject to the maximum payment amount;

if the final basket level is equal to the initial basket level or less than the initial basket level but not by more than 15.00% (the basket return is zero or negative but equal to or greater than -15.00%), you will receive an amount in cash equal to \$1,000; or

if the final basket level is less than the initial basket level by more than 15.00% (the basket return is negative and is less than -15.00%), you will receive an amount in cash equal to the sum of (i) \$1,000 plus (ii) the product of (a) \$1,000 times (b) approximately 117.65% times (c) the sum of the basket return plus 15.00%.

Declines in one basket index may offset increases in the other basket indices. Due to the unequal weighting of each basket component, the performances of the EURO STOXX 50<sup>®</sup> Index, the FTSE<sup>®</sup> 100 Index and TOPIX will have a significantly larger impact on your return on the notes than the performance of the Swiss Market Index or the S&P/ASX 200 Index. In addition, no payments on your notes will be made prior to maturity.

Investment in the notes involves certain risks. You should refer to “Additional Risks” beginning on page P-16 of this pricing supplement and “Additional Risk Factors Specific to the Notes” beginning on page PS-6 of the accompanying product prospectus supplement and “Risk Factors” beginning on page S-2 of the accompanying prospectus supplement and on page 6 of the accompanying prospectus.

The initial estimated value of your notes at the time the terms of your notes are set on the trade date is expected to be between \$976.00 and \$996.00 per \$1,000 principal amount, which will be less than the original issue price of your notes listed below. See “Additional Information Regarding Estimated Value of the Notes” on the following page and

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“Additional Risks” beginning on page P-16 of this document for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

	Per Note	Total
Original Issue Price	100.00%	\$
Underwriting commissions	0.00%	\$
Proceeds to The Bank of Nova Scotia	100.00%	\$

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NOTES OR PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS PRICING SUPPLEMENT, THE ACCOMPANYING PROSPECTUS, ACCOMPANYING PROSPECTUS SUPPLEMENT OR ACCOMPANYING 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 OR THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY OF CANADA, THE UNITED STATES OR ANY OTHER JURISDICTION.

Scotia  
Capital  
(USA) Inc.

Pricing  
Supplement  
dated  
November [  
, 2017

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The Capped Buffered Enhanced Participation Basket-Linked Notes Due [ ] (the “notes”) offered hereunder are unsubordinated and unsecured obligations of The Bank of Nova Scotia (the “Bank”) and are subject to investment risks including possible loss of the principal amount invested due to the negative performance of the basket and the credit risk of The Bank of Nova Scotia. As used in this pricing supplement, the “Bank,” “we,” “us” or “our” refers to The Bank of Nova Scotia. The notes will not be listed on any U.S. securities exchange or automated quotation system.

The return on your notes will relate to the price return of the basket components and will not include a total return or dividend component. The notes are derivative products based on the performance of the basket. The notes do not constitute a direct investment in any of the shares, units or other securities represented by the basket components. 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.

Scotia Capital (USA) Inc., our affiliate, will purchase the notes from us for distribution to one or more registered broker dealers. 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 our affiliates or agents selling such notes to you informs you otherwise in the confirmation of sale, this pricing supplement 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 (Conflicts of Interest)” on page PS-32 of the accompanying product prospectus supplement.

The original issue price, commissions and proceeds to the Bank listed above relate to the notes we issue initially. We may decide to sell additional notes after the date of this pricing supplement, at original issue prices and with commissions and proceeds to the Bank that differ from the amounts set forth above. The return (whether positive or negative) on your investment in the notes will depend in part on the original issue price you pay for such notes.

#### Additional Information Regarding Estimated Value of the Notes

On the cover page of this pricing supplement, the Bank has provided the initial estimated value range for the notes. This range of estimated values was determined by reference to the Bank’s internal pricing models, which take into consideration certain factors, such as the Bank’s internal funding rate on the trade date and the Bank’s assumptions about market parameters. For more information about the initial estimated value, see “Additional Risks” on page P-16. The economic terms of the notes (including the maximum payment amount) are based on the Bank’s internal funding rate, which is the rate the Bank would pay to borrow funds through the issuance of similar market-linked notes, the underwriting discount and the economic terms of certain related hedging arrangements. Due to these factors, the original issue price you pay to purchase the notes will be greater than the initial estimated value of the notes. The Bank’s internal funding rate is typically lower than the rate the Bank would pay when it issues conventional fixed rate debt securities as discussed further under “Additional Risks — Neither the Bank’s nor Scotia Capital (USA) Inc.’s (“SCUSA”) estimated value of the notes at any time is determined by reference to credit spreads or the borrowing rate the Bank would pay for its conventional fixed-rate debt securities”. The Bank’s use of its internal funding rate reduces the economic terms of the notes to you.

The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including SCUSA’s customary bid and ask spreads) at which SCUSA would initially buy or sell notes in the secondary market (if SCUSA makes a market, which it is not obligated to do) is equal to approximately SCUSA’s estimate of the market value of your notes on the trade date, based on its pricing models and taking into account the Bank’s internal funding rate, plus an additional amount (initially equal to \$ per \$1,000 face amount).

Prior to , the price (not including SCUSA’s customary bid and ask spreads) at which SCUSA would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to SCUSA’s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis from the time of pricing through approximately 3 months). On and after , the price (not including SCUSA’s customary bid and ask spreads) at which SCUSA would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models. For additional information regarding the price at which SCUSA would buy or sell your notes (if SCUSA makes a market, which it is not obligated to do), each based on SCUSA’s pricing models; see “Additional Risks—The price at which SCUSA would buy

or sell your notes (if SCUSA makes a market, which it is not obligated to do) will be based on SCUSA's estimated value of your notes".

We urge you to read the "Additional Risks" beginning on page P-16 of this pricing supplement.

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Summary

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

Issuer: The Bank of Nova Scotia (the “Bank”)

CUSIP/ISIN: CUSIP 064159KL9 / ISIN US064159KL99

Type of Notes: Capped Buffered Enhanced Participation Basket-Linked Notes

Basket Components: The EURO STOXX 50<sup>®</sup> Index (Bloomberg Ticker: “SX5E”), as published by STOXX Limited (“STOXX”); the FTSE<sup>®</sup>100 Index (Bloomberg Ticker: “UKX Index”), as published by FTSE International Limited (“FTSE”); TOPIX (Bloomberg Ticker: “TPX Index”), as maintained by the Tokyo Stock Exchange, Inc. (“TSE”); the Swiss Market Index (Bloomberg Ticker: “SMI Index”), as published by SIX Group Ltd. (“SIX Group”); and the S&P/ASX 200 Index (Bloomberg Ticker: “AS51 Index”), as published by S&P Dow Jones Indices LLC (“S&P”); see “Information Regarding the Basket and the Basket Components” on page P-25. We refer to each of STOXX, FTSE, TSE, SIX Group and S&P as a “basket component sponsor”, and together as the “basket component sponsors”.

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

Principal Amount: \$1,000 per note; \$[ ] in the aggregate for all the offered notes; the aggregate principal amount of the offered notes may be increased if the Bank, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this pricing supplement.

Original Issue Price: 100% of the principal amount of each note

Currency: U.S. dollars

Trade Date: [ ]  
[ ] (to be determined on the trade date and expected to be the 4<sup>th</sup> business day after the trade date).

Original Issue Date: We expect that delivery of the notes will be made against payment therefor on or about the 4<sup>th</sup> business day following the date of pricing of the notes (this settlement cycle being referred to as “T+4”). Under Rule 15c6-1 of the Securities and Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the trade date will be required, by virtue of the fact that each note initially will settle in 4 business days (T+4), to specify alternative settlement arrangements to prevent a failed settlement.

Valuation Date: [ ] (to be determined on the trade date and expected to be approximately 27-30 months after the trade 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-20 in the accompanying

product prospectus supplement.

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**Maturity Date:** [ ] (to be determined on the trade date and expected to be the 9<sup>th</sup> business day after the valuation date), subject to adjustment as described in more detail under “General Terms of the Notes—Maturity Date” on page PS-18 in the accompanying product prospectus supplement.

**Principal at Risk:** You may lose all or a substantial portion of your initial investment at maturity if there is a percentage decrease from the initial basket level to the final basket level of more than 15%.

**Purchase at amount other than principal amount:** The amount we will pay you on the maturity date for your notes will not be adjusted based on the original issue price you pay for your notes, so if you acquire notes at a premium (or discount) to principal amount and hold them to the maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at principal amount. Also, the stated buffer level would not offer the same measure of protection to your investment as would be the case if you had purchased the notes at principal amount. Additionally, the maximum payment amount would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See “Additional Risks—If you purchase your notes at a premium to principal amount, the return on your investment will be lower than the return on notes purchased at principal amount and the impact of certain key terms of the notes will be negatively affected” on page P-21 of this pricing supplement.

As part of the distribution of the notes, SCUSA or one of our affiliates will sell the notes to certain unaffiliated securities dealers at the original issue price per note specified on the cover hereof. See "Supplemental Plan of Distribution (Conflicts of Interest)" in this pricing supplement.

**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 below under “Supplemental Plan of Distribution (Conflicts of Interest)”. 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—Hedging activities by the Bank and SCUSA may negatively impact investors in the notes and cause our respective interests and those of our clients and counterparties to be contrary to those of investors in the notes” in this pricing supplement.

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The payment at maturity will be based on the performance of the basket and will be calculated as follows:

If the final basket level is greater than the initial basket level, then the payment at maturity will equal:  
 o The lesser of (a) the principal amount + (principal amount x basket return x participation rate) and (b) the maximum payment amount

Payment at Maturity:

If the final basket level is greater than or equal to the buffer level, but less than or equal to the initial basket level, then the payment at maturity will equal the principal amount

If the final basket level is less than the buffer level, then the payment at maturity will equal:

o principal amount + [principal amount x buffer rate x (basket return + buffer percentage)]

In this case you will suffer a percentage loss on your initial investment equal to the buffer rate multiplied by the negative basket return in excess of the buffer percentage. Accordingly, you could lose up to 100% of your initial investment.

Initial Basket Level:

100

Initial Weighted Value:

The initial weighted value for each of the basket components equals the product of the initial weight of such basket component times the initial basket level. The initial weight of each basket component is shown in the table below:

Basket Component	Initial Weight in Basket
EURO STOXX 50 <sup>®</sup> Index	37.00%
FTSE <sup>®</sup> 100 Index	23.00%
TOPIX	23.00%
Swiss Market Index	9.00%
S&P/ASX 200 Index	8.00%

Initial EURO STOXX 50<sup>®</sup> Index Level: [ ] (to be set on the trade date).

Initial FTSE 100<sup>®</sup> Index Level: [ ] (to be set on the trade date).

Initial TOPIX Level: [ ] (to be set on the trade date).

Initial Swiss Market Index Level: [ ] (to be set on the trade date).

Initial S&P/ASX 200 Index Level: [ ] (to be set on the trade date).

Final EURO STOXX 50<sup>®</sup> Index Level: The closing level of such basket component calculated on the valuation date. In certain special circumstances, the final level will be determined by



the calculation agent, in its discretion. See “General Terms of the Notes — Unavailability of the Level of the Reference Asset on a Valuation Date” on page PS-19 and “General Terms of the Notes — Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement.

Final FTSE® 100 Index Level:

The closing level of such basket component calculated on the valuation date. In certain special circumstances, the final level will be determined by the calculation agent, in its discretion. See “General Terms of the Notes — Unavailability of the Level of the Reference Asset on a Valuation Date” on page PS-19 and “General Terms of the Notes — Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement.

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**Final TOPIX Level:** The closing level of such basket component calculated on the valuation date. In certain special circumstances, the final level will be determined by the calculation agent, in its discretion. See “General Terms of the Notes — Unavailability of the Level of the Reference Asset on a Valuation Date” on page PS-19 and “General Terms of the Notes — Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement.

**Final Swiss Market Index level:** The closing level of such basket component calculated on the valuation date. In certain special circumstances, the final level will be determined by the calculation agent, in its discretion. See “General Terms of the Notes — Unavailability of the Level of the Reference Asset on a Valuation Date” on page PS-19 and “General Terms of the Notes — Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement.

**Final S&P/ASX 200 Index level:** The closing level of such basket component calculated on the valuation date. In certain special circumstances, the final level will be determined by the calculation agent, in its discretion. See “General Terms of the Notes — Unavailability of the Level of the Reference Asset on a Valuation Date” on page PS-19 and “General Terms of the Notes — Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement.

**Final Basket Level:** The sum of the following: (1) the final EURO STOXX 50<sup>®</sup> Index level divided by the initial EURO STOXX 50<sup>®</sup> Index level, multiplied by the initial weighted value of the EURO STOXX 50<sup>®</sup> Index plus (2) the final FTSE<sup>®</sup> 100 Index level divided by the initial FTSE<sup>®</sup> 100 Index level, multiplied by the initial weighted value of the FTSE<sup>®</sup> 100 Index plus (3) the final TOPIX level divided by the initial TOPIX level, multiplied by the initial weighted value of the TOPIX plus (4) the final Swiss Market Index level divided by the initial Swiss Market Index level, multiplied by the initial weighted value of the Swiss Market Index plus (5) the final S&P/ASX 200 Index level divided by the initial S&P/ASX 200 Index level, multiplied by the initial weighted value of the S&P/ASX 200 Index.

**Basket Return:** The quotient of (1) the final basket level minus the initial basket level divided by (2) the initial basket level, expressed as a percentage.

**Participation Rate:** 170.00%

**Maximum Payment Amount:** Expected to be between \$1,440.98 and \$1,518.50 (the actual maximum payment amount to be determined on the Trade Date). The maximum payment amount sets a cap on appreciation of the basket of between 25.94% and 30.50%.

**Buffer Level:** 85.00% of the initial basket level

**Buffer Percentage:** 15.00%

**Buffer Rate:** The quotient of the initial basket level divided by the buffer level, which equals approximately 117.65%

**Closing Level:** As used herein, the “closing level” of a basket component on any date will be determined based upon the closing level published on the Bloomberg page for such basket component, or any successor page on Bloomberg or any successor service, as applicable, on such date.

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Trading Day: (i) With respect to the EURO STOXX 50<sup>®</sup> Index, a day on which the level of such basket component is calculated and published by the basket component sponsor, regardless of whether one or more of the principal securities markets for the constituent stocks comprising such basket component (“component stocks”) are closed on that day and (ii) with respect to each of the FTSE<sup>®</sup> 100 Index, TOPIX, the Swiss Market Index and the S&P/ASX 200 Index, a day on which the respective principal securities markets for all of the component stocks are open for trading, such basket component sponsor is open for business and such basket component is calculated and published by such basket component sponsor; although a basket component sponsor may publish a level with respect to a basket component on a day when one or more of the principal securities markets for such component stocks are closed, that day would not be a trading day for purposes of such basket component.

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 of any jurisdiction.

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-15 in the accompanying product prospectus supplement, as modified by this pricing supplement.

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE ALL OR A SUBSTANTIAL PORTION OF YOUR INVESTMENT. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL, 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 February 1, 2017, as supplemented by the prospectus supplement dated February 13, 2017 and the product prospectus supplement (Equity Linked Index Notes, Series A) dated March 2, 2017, 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 prospectus, accompanying prospectus supplement and accompanying product prospectus supplement in several important ways. You should read this pricing supplement carefully, including the documents incorporated by reference herein.

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](http://www.sec.gov) as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website).

Product Prospectus Supplement (Equity Linked Index Notes, Series A) dated March 2, 2017:

[http://www.sec.gov/Archives/edgar/data/9631/000110465917013557/a17-7248\\_7424b5.htm](http://www.sec.gov/Archives/edgar/data/9631/000110465917013557/a17-7248_7424b5.htm)

Prospectus Supplement dated February 13, 2017:

[http://www.sec.gov/Archives/edgar/data/9631/000110465917008642/a17-4372\\_1424b3.htm](http://www.sec.gov/Archives/edgar/data/9631/000110465917008642/a17-4372_1424b3.htm)

Prospectus dated February 1, 2017:

<http://www.sec.gov/Archives/edgar/data/9631/000119312517027656/d338678d424b3.htm>

#### 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 losing all or a substantial portion of your initial investment.

You believe the level of the basket will appreciate over the term of the notes and that the appreciation is unlikely to exceed the cap on appreciation within the maximum payment amount (the actual maximum payment amount will be determined on the trade date).

You can tolerate a loss of up to 100% of your initial investment and are willing to make an investment that, if the final basket level is less than the buffer level, has an accelerated downside risk greater than the downside market risk of an investment in the basket components or in the component stocks.

You are willing to hold the notes to maturity, a term of approximately 27 to 30 months, and accept that there may be little or no secondary market for the notes.

You understand and accept that your potential return is limited to the maximum payment amount and you would be willing to invest in the notes if the maximum payment amount was set equal to the bottom of the range indicated on the cover hereof (the actual maximum payment amount will be set on the trade date).

You can tolerate fluctuations in the price of the notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the basket components or the price of the component stocks.

You do not seek current income from your investment.

You seek an investment with exposure to companies in the Eurozone, United Kingdom, Japan, Switzerland and Australia.

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 losing all or a substantial portion of your initial investment.

You believe that the level of the basket will decline during the term of the notes or you believe the level of the basket will appreciate over the term of the notes and that the appreciation is likely to exceed the cap on appreciation within the maximum payment amount.

You require an investment designed to guarantee a full return of principal at maturity.

You cannot tolerate a loss of up to 100% of your initial investment or are not willing to make an investment that, if the final basket level is less than the buffer level, has an accelerated downside risk greater than the downside market risk of an investment in the basket components or in the component stocks.

You seek an investment that has unlimited return potential without a cap on appreciation or you would be unwilling to invest in the notes if the maximum payment amount was set equal to the bottom of the range indicated on the cover hereof (the actual maximum payment amount will be set on the trade date).

You cannot tolerate fluctuations in the price of the notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the basket components or the price of the component stocks.

You seek current income from your investment or prefer to receive dividends paid on the component stocks.

You are unable or unwilling to hold the notes to maturity, a term of approximately 27 to 30 months, or you seek an investment for which there will be a secondary market.

You do not seek an investment with exposure to companies in the Eurozone, United Kingdom, Japan, Switzerland and Australia.

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" beginning on page P-16 of this pricing supplement, "Additional Risk Factors Specific to the Notes" beginning on page PS-6 of the accompanying product prospectus supplement and "Risk Factors" beginning on page S-2 of the accompanying prospectus supplement and "Risk Factors" on page 6 of the accompanying prospectus for risks related to an investment in the notes.

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**HYPOTHETICAL PAYMENTS AT MATURITY ON THE NOTES**

The examples set out below are included for illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical basket closing levels or hypothetical closing levels of the basket components, as applicable, on the valuation date could have on the payment at maturity assuming all other variables remain constant.

The examples below are based on a range of final basket levels and closing levels of the basket components that are entirely hypothetical; the level of the basket on any day throughout the life of your notes, including the final basket level on the valuation date, cannot be predicted. The basket components have been highly volatile in the past, meaning that the levels of the basket components have changed considerably in relatively short periods, and their performances cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the principal amount and held to the maturity date. If you sell your notes in a secondary market prior to the maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below, such as interest rates, the volatility of the basket components and our creditworthiness. In addition, the estimated value of your notes at the time the terms of your notes were set on the trade date (as determined by reference to pricing models used by us) is less than the original public offering price of your notes. For more information on the estimated value of your notes, see “Additional Risks—The Bank’s initial estimated value of the notes at the time of pricing (when the terms of your notes are set on the trade date) will be lower than the original issue price of the notes” on page P-16 of this pricing supplement. The information in the examples also reflect the key terms and assumptions in the box below.

**Key Terms and Assumptions**

Principal amount	\$1,000
Participation rate	170.00%
Initial basket level	100
Maximum payment amount	\$1,440.98*
Buffer level	85.00% of the initial basket level
Buffer percentage	15.00%
Buffer rate	approximately 117.65%

\*The bottom of the maximum payment amount range of \$1,440.98 - \$1,518.50. The actual maximum payment amount will be determined on the trade date.

Neither a market disruption event nor a non-trading day occurs with respect to any basket component on the originally scheduled valuation date.

No change in or affecting any of the basket components or the methods by which any of the basket component sponsors calculates the EURO STOXX 50<sup>®</sup> Index, the FTSE<sup>®</sup> 100 Index, the TOPIX, the Swiss Market Index or the S&P/ASX 200 Index, respectively.

Notes purchased on the original issue date at the principal amount and held to the maturity date.

Moreover, we have not yet set the initial level for each basket component that will serve as the baseline for determining the percentage change or the maximum payment amount, each of which will affect the amount that we will pay on your notes, if any, at maturity. We will not do so until the trade date. As a result, the actual initial levels may differ substantially from the levels of the basket component prior to the trade date.

For these reasons, the actual performance of the basket over the life of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical level of each

basket component shown elsewhere in this pricing supplement. For information about the historical level of each basket component see “Information Regarding the Basket and the Basket Components” below. Before investing in the offered notes, you should consult publicly available information to determine the levels of the basket components between the date of this pricing supplement and the date of your purchase of the offered notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the basket components.

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The levels in the left column of the table below represent hypothetical final basket levels and are expressed as percentages of the initial basket level. The amounts in the right column represent the hypothetical payment at maturity, based on the corresponding hypothetical final basket level (expressed as a percentage of the initial basket level), and are expressed as percentages of the principal amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical payment at maturity of 100.000% means that the value of the cash payment that we would deliver for each \$1,000 of the outstanding principal amount of the offered notes on the maturity date would equal 100.000% of the principal amount of a note, based on the corresponding hypothetical final basket level (expressed as a percentage of the initial basket level) and the assumptions noted above.

Hypothetical Final Basket Level (as Percentage of Initial Basket Level)	Hypothetical Payment at Maturity (as Percentage of Principal Amount)
150.000%	144.098%
140.000%	144.098%
130.000%	144.098%
125.940%	144.098%
120.000%	134.000%
110.000%	117.000%
105.000%	108.500%
100.000%	100.000%
95.000%	100.000%
90.000%	100.000%
85.000%	100.000%
80.000%	94.118%
75.000%	88.235%
50.000%	58.824%
25.000%	29.412%
0.000%	0.000%

If, for example, the final basket level were determined to be 25.000% of the initial basket level, the payment at maturity that we would pay on your notes at maturity would be approximately 29.412% of the principal amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the principal amount and held them to the maturity date, you would lose approximately 70.588% of your investment (if you purchased your notes at a premium to principal amount you would lose a correspondingly higher percentage of your investment). If the final basket level were determined to be 0.000% of the initial basket level, you would lose 100.000% of your investment in the notes. In addition, if the final basket level were determined to be 150.000% of the initial basket level, the payment at maturity that we would pay on your notes at maturity would be capped at the maximum payment amount, or 144.098% of each \$1,000 principal amount of your notes, as shown in the table above. As a result, if you held your notes to the maturity date, you would not benefit from any increase in the final basket level of greater than 125.940% of the initial basket level.

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The following chart shows a graphical illustration of the hypothetical payment at maturity that we would pay on your notes on the maturity date, if the final basket level were any of the hypothetical levels shown on the horizontal axis. The hypothetical payments at maturity in the chart are expressed as percentages of the principal amount of your notes and the hypothetical final basket levels are expressed as percentages of the initial basket level. The chart shows that any hypothetical final basket level of less than 85.000% (the section left of the 85.000% marker on the horizontal axis) would result in a hypothetical payment at maturity of less than 100.000% of the principal amount of your notes (the section below the 100.000% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical final basket level of greater than or equal to 125.940% (the section right of the 125.940% marker on the horizontal axis) would result in a capped return on your investment.

The following examples illustrate the hypothetical payment at maturity for each note based on hypothetical final levels of the basket components, calculated based on the key terms and assumptions above. The levels in Column A represent hypothetical initial levels for each basket component, and the levels in Column B represent hypothetical final levels for each basket component. The percentages in Column C represent hypothetical final levels for each basket component in Column B expressed as percentages of the corresponding hypothetical initial levels in Column A. The amounts in Column D represent the applicable initial weighted value for each basket component, and the amounts in Column E represent the products of the percentages in Column C times the corresponding amounts in Column D. The final basket level for each example is shown beneath each example, and will equal the sum of the products shown in Column E. The basket return for each example is shown beneath the final basket level for such example, and will equal the quotient of (i) the final basket level for such example minus the initial basket level divided by (ii) the initial basket level, expressed as a percentage. The values below have been rounded for ease of analysis.

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Example 1: The final basket level is greater than the initial basket level and the payment at maturity equals the maximum payment amount.

	Column A	Column B	Column C	Column D	Column E
Basket Component	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Initial Weighted Value	Column C × Column D
EURO STOXX 50 <sup>®</sup> Index	100.00	130.00	130.00%	37.00	48.10
FTSE <sup>®</sup> 100 Index	100.00	130.00	130.00%	23.00	29.90
TOPIX	100.00	130.00	130.00%	23.00	29.90
Swiss Market Index	100.00	130.00	130.00%	9.00	11.70
S&P/ASX 200 Index	100.000	130.000	130.00%	8.00	10.40
				Final Basket Level:	130.00
				Basket Return:	30.00%

In this example, all of the hypothetical final levels for the basket components are greater than the applicable hypothetical initial levels, which results in the hypothetical final basket level being greater than the initial basket level of 100. Since the hypothetical final basket level was determined to be 130.00, the hypothetical payment at maturity for each \$1,000 principal amount of your notes will equal:

$$\text{Payment at maturity} = \$1,000 + (\$1,000 \times 30.00\% \times 170.00\%) = \$1,510.00$$

However, since the maximum payment amount is \$1,440.98 for each \$1,000 principal amount of your notes (i.e. 144.098% of each \$1,000 principal amount of your notes), the payment at maturity that we would pay on your notes at maturity would be capped at the maximum payment amount.

Example 2: The final basket level is greater than the initial basket level and the payment at maturity is less than the maximum payment amount.

	Column A	Column B	Column C	Column D	Column E
Basket Component	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Initial Weighted Value	Column C × Column D
EURO STOXX 50 <sup>®</sup> Index	100.00	101.00	101.00%	37.00	37.37
FTSE <sup>®</sup> 100 Index	100.00	102.00	102.00%	23.00	23.46
TOPIX	100.00	103.00	103.00%	23.00	23.69
Swiss Market Index	100.00	108.00	108.00%	9.00	9.72
S&P/ASX 200 Index	100.000	120.000	120.00%	8.00	9.60
				Final Basket Level:	103.84
				Basket Return:	3.84%

In this example, all of the hypothetical final levels for the basket components are greater than the applicable hypothetical initial levels, which results in the hypothetical final basket level being greater than the initial basket level of 100. Since the hypothetical final basket level was determined to be 103.84, the hypothetical payment at maturity for each \$1,000 principal amount of your notes will equal:

$$\text{Payment at maturity} = \$1,000 + (\$1,000 \times 3.84\% \times 170.00\%) = \$1,065.28$$

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Example 3: The final basket level is less than the initial basket level, but greater than the buffer level. The payment at maturity equals the \$1,000 principal amount.

	Column A	Column B	Column C	Column D	Column E
Basket Component	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Initial Weighted Value	Column C × Column D
EURO STOXX 50 <sup>®</sup> Index	100.00	95.00	95.00%	37.00	35.15
FTSE <sup>®</sup> 100 Index	100.00	95.00	95.00%	23.00	21.85
TOPIX	100.00	95.00	95.00%	23.00	21.85
Swiss Market Index	100.00	95.00	95.00%	9.00	8.55
S&P/ASX 200 Index	100.000	95.000	95.00%	8.00	7.60
				Final Basket Level:	95.00
				Basket Return:	-5.00%

In this example, all of the hypothetical final levels for the basket components are less than the applicable hypothetical initial levels, which results in the hypothetical final basket level being less than the initial basket level of 100. Since the hypothetical final basket level of 95 is greater than the buffer level of 85.00% of the initial basket level but less than the initial basket level of 100, the hypothetical payment at maturity for each \$1,000 principal amount of your notes will equal the principal amount of the note, or \$1,000.

Example 4: The final basket level is less than the buffer level. The payment at maturity is less than the \$1,000 principal amount.

	Column A	Column B	Column C	Column D	Column E
Basket Component	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Initial Weighted Value	Column C × Column D
EURO STOXX 50 <sup>®</sup> Index	100.00	50.00	50.00%	37.00	18.50
FTSE <sup>®</sup> 100 Index	100.00	85.00	85.00%	23.00	19.55
TOPIX	100.00	100.00	100.00%	23.00	23.00
Swiss Market Index	100.00	115.00	115.00%	9.00	10.35
S&P/ASX 200 Index	100.000	135.000	135.00%	8.00	10.80
				Final Basket Level:	82.20
				Basket Return:	-17.80%

In this example, the hypothetical final levels of the EURO STOXX 50<sup>®</sup> Index and the FTSE<sup>®</sup> 100 Index are less than their hypothetical initial levels, while the hypothetical final level of TOPIX is equal to its applicable hypothetical initial level and the hypothetical final levels of the Swiss Market Index and the S&P/ASX 200 Index are greater than their applicable hypothetical initial levels.

Because the basket is unequally weighted, increases in the lower weighted basket components will be offset by decreases in the more heavily weighted basket components. In this example, the declines in the EURO STOXX 50<sup>®</sup> Index and FTSE<sup>®</sup> 100 Index results in the hypothetical final basket level being less than the buffer level of 85.00% of

the initial basket level even though the TOPIX remained flat and the Swiss Market Index and the S&P/ASX 200 Index increased.

Since the hypothetical final basket level of 82.20 is less than the buffer level of 85.00% of the initial basket level, the hypothetical payment at maturity for each \$1,000 principal amount of your notes will equal:

Payment at maturity = \$1,000 + [ $\$1,000 \times 117.65\% \times (-17.80\% + 15.00\%)$ ] = \$967.06

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Example 5: The final basket level is less than the buffer level. The payment at maturity is less than the \$1,000 principal amount.

	Column A	Column B	Column C	Column D	Column E
Basket Component	Hypothetical Initial Level	Hypothetical Final Level	Column B / Column A	Initial Weighted Value	Column C × Column D
EURO STOXX 50® Index	100.00	50.00	50.00%	37.00	18.50
FTSE® 100 Index	100.00	60.00	60.00%	23.00	13.80
TOPIX	100.00	60.00	60.00%	23.00	13.80
Swiss Market Index	100.00	65.00	65.00%	9.00	5.85
S&P/ASX 200 Index	100.000	55.000	55.00%	8.00	4.40
				Final Basket Level:	56.35
				Basket Return:	-43.65%

In this example, the hypothetical final levels for all of the basket components are less than the applicable hypothetical initial levels, which results in the hypothetical final basket level being less than the initial basket level of 100. Since the hypothetical final basket level of 56.35 is less than the buffer level of 85.00% of the initial basket level, the hypothetical payment at maturity for each \$1,000 principal amount of your notes will equal:

Payment at maturity = \$1,000 + [\$1,000 × 117.65% × (-43.65% + 15.00%)] = \$662.94

Any payment on the notes, including any repayment of principal, 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.

The payments at maturity shown above are entirely hypothetical; they are based on a hypothetical maximum payment amount, levels of the basket components that may not be achieved on the valuation date and on assumptions that may prove to be erroneous. The actual market value of your notes at maturity or at any other time, including any time you may wish to sell your notes, may bear little relation to the hypothetical payments at maturity shown above, and these amounts should not be viewed as an indication of the financial return on an investment in the offered notes. The hypothetical payments at maturity on the notes held to the maturity date in the examples above assume you purchased your notes at their principal amount and have not been adjusted to reflect the actual issue price you will pay for your notes. The return on your investment (whether positive or negative) in your notes will be affected by the amount you pay for your notes. If you purchase your notes for a price other than the principal amount, the return on your investment will differ from, and may be significantly lower than, the hypothetical returns suggested by the above examples. Please read “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” beginning on page P-22 of this pricing supplement.

Payments on the notes are economically equivalent to the amounts that would be paid on a combination of other instruments. For example, payments on the notes are economically equivalent to a combination of a non-interest-bearing bond bought by the holder and one or more options entered into between the holder and us (with one or more implicit option premiums paid over time). The discussion in this paragraph does not modify or affect the terms of the notes or the U.S. federal income tax treatment of the notes, as described elsewhere in this pricing supplement.

We cannot predict the actual final basket level or what the market value of your notes will be on any particular trading day, nor can we predict the relationship between the level of each basket component and the market value of

your notes at any time prior to the maturity date. The actual amount that you will receive, if any, at maturity and the rate of return on the offered notes will depend on the actual initial level of each basket component and the actual maximum payment amount, which we will set on the trade date, and the actual basket return determined by the calculation agent as described above. Moreover, the assumptions on which the hypothetical returns are based may turn out to be inaccurate. Consequently, the amount of cash to be paid in respect of your notes, if any, on the maturity date may be very different from the information reflected in the examples above.

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## ADDITIONAL RISKS

An investment in the notes involves significant risks. In addition to the following risks included in this pricing supplement, we urge you to read “Additional Risk Factors Specific to the Notes” beginning on page PS-6 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.

You should understand the risks of investing in the notes and should reach an investment decision only after careful consideration, with your advisors, of the suitability of the notes in light of your particular financial circumstances and the information set forth in this pricing supplement and the accompanying prospectus, accompanying prospectus supplement and accompanying product prospectus supplement.

The Bank’s initial estimated value of the notes at the time of pricing (when the terms of your notes are set on the trade date) will be lower than the original issue price of the notes

The Bank’s initial estimated value of the notes is only an estimate. The original issue price of the notes will exceed the Bank’s initial estimated value. The difference between the original issue price of the notes and the Bank’s initial estimated value reflects costs associated with selling and structuring the notes, as well as hedging its obligations under the notes with a third party.

Neither the Bank’s nor SCUSA’s estimated value of the notes at any time is determined by reference to credit spreads or the borrowing rate the Bank would pay for its conventional fixed-rate debt securities

The Bank’s initial estimated value of the notes and SCUSA’s estimated value of the notes at any time are determined by reference to the Bank’s internal funding rate. The internal funding rate used in the determination of the estimated value of the notes generally represents a discount from the credit spreads for the Bank’s conventional fixed-rate debt securities and the borrowing rate the Bank would pay for its conventional fixed-rate debt securities. This discount is based on, among other things, the Bank’s view of the funding value of the notes as well as the higher issuance, operational and ongoing liability management costs of the notes in comparison to those costs for the Bank’s conventional fixed-rate debt. If the interest rate implied by the credit spreads for the Bank’s conventional fixed-rate debt securities, or the borrowing rate the Bank would pay for its conventional fixed-rate debt securities were to be used, the Bank would expect the economic terms of the notes to be more favorable to you. Consequently, the use of an internal funding rate for the notes increases the estimated value of the notes at any time and has an adverse effect on the economic terms of the notes.

The Bank’s initial estimated value of the notes does not represent future values of the notes and may differ from others’ (including SCUSA’s) estimates

The Bank’s initial estimated value of the notes is determined by reference to its internal pricing models when the terms of the notes are set. These pricing models consider certain factors, such as the Bank’s internal funding rate on the trade date, the expected term of the notes, market conditions and other relevant factors existing at that time, and the Bank’s assumptions about market parameters, which can include volatility, dividend rates, interest rates and other factors. Different pricing models and assumptions (including the pricing models and assumptions used by SCUSA) could provide valuations for the notes that are different, and perhaps materially lower, from the Bank’s initial estimated value. Therefore, the price at which SCUSA would buy or sell your notes (if SCUSA makes a market, which it is not obligated to do) may be materially lower than the Bank’s initial estimated value. In addition, market conditions and other relevant factors in the future may change, and any assumptions may prove to be incorrect.

The price at which SCUSA would buy or sell your notes (if SCUSA makes a market, which it is not obligated to do) will be based on SCUSA’s estimated value of your notes

SCUSA’s estimated value of the notes is determined by reference to its pricing models and takes into account the Bank’s internal funding rate. The price at which SCUSA would initially buy or sell your notes in the secondary market (if SCUSA makes a market, which it is not obligated to do) exceeds SCUSA’s estimated value of your notes at the time of pricing. As agreed by SCUSA and the distribution participants, this excess (i.e., the additional amount described under “Additional Information Regarding Estimated Value of the Notes” above) will decline to zero on a straight line basis over the period from the trade date through the applicable date set forth above under “Additional Information Regarding Estimated Value of the Notes” above. Thereafter, if SCUSA buys or sells your notes it will do so at prices that reflect the estimated value determined by reference to SCUSA’s pricing models at that time. The price at which SCUSA will buy or sell your notes at any time also will reflect its then current bid and ask spread for similar sized trades of structured notes. If SCUSA calculated its estimated value of your notes by reference to the Bank’s credit



spreads or the borrowing rate the Bank would pay for its conventional fixed-rate debt securities (as opposed to the Bank's internal funding rate), the price at which

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SCUSA would buy or sell your notes (if SCUSA makes a market, which it is not obligated to do) could be significantly lower.

SCUSA's pricing models consider certain variables, including principally the Bank's internal funding rate, interest rates (forecasted, current and historical rates), volatility, price-sensitivity analysis and the time to maturity of the notes.

These pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, the actual value you would receive if you sold your notes in the secondary market, if any, to others may differ, perhaps materially, from the estimated value of your notes determined by reference to SCUSA's models, taking into account the Bank's internal funding rate, due to, among other things, any differences in pricing models or assumptions used by others. See "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" below. In addition to the factors discussed above, the value and quoted price of your notes at any time will reflect many factors and cannot be predicted. If SCUSA makes a market in the notes, the price quoted by SCUSA would reflect any changes in market conditions and other relevant factors, including any deterioration in the Bank's creditworthiness or perceived creditworthiness. These changes may adversely affect the value of your notes, including the price you may receive for your notes in any market making transaction. To the extent that SCUSA makes a market in the notes, the quoted price will reflect the estimated value determined by reference to SCUSA's pricing models at that time, plus or minus SCUSA's then current bid and ask spread for similar sized trades of structured notes (and subject to the declining excess amount described above).

Furthermore, if you sell your notes, you will likely be charged a commission for secondary market transactions, or the price will likely reflect a dealer discount. This commission or discount will further reduce the proceeds you would receive for your notes in a secondary market sale.

There is no assurance that SCUSA or any other party will be willing to purchase your notes at any price and, in this regard, SCUSA is not obligated to make a market in the notes. See "The notes lack liquidity" below.

#### Risk of loss at maturity

You can lose your entire investment in the notes. The cash payment on your notes, if any, on the maturity date will be based on the performance of a weighted basket comprised of the EURO STOXX 50<sup>®</sup> Index, the FTSE<sup>®</sup> 100 Index, TOPIX, the Swiss Market Index and the S&P/ASX 200 Index as measured from the initial basket level of 100 to the final basket level on the valuation date. If the final basket level for your notes is less than the buffer level, you will have a loss for each \$1,000 principal amount of your notes equal to the product of the buffer rate times the sum of the basket return plus the buffer percentage times \$1,000. Accordingly, you may lose your entire investment in the notes if the percentage decline from the initial basket level to the final basket level is greater than 15.00%.

Also, the market price of your notes prior to the maturity date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the maturity date, you may receive far less than the amount of your investment in the notes.

The amount payable on your notes is not linked to the level of each basket component at any time other than on the valuation date (except in the case of tax redemptions)

The final basket level will be based on the closing levels of the basket components on the valuation date (subject to adjustment as described elsewhere in this pricing supplement). Therefore, if the closing levels of the basket components dropped precipitously on the valuation date, the payment at maturity for your notes may be significantly less than it would have been had the payment at maturity been linked to the closing levels of the basket components prior to such drop in the levels of the basket components. Although the actual levels of the basket components on the maturity date or at other times during the life of your notes may be higher than the closing levels of the basket components on the valuation date, you will not benefit from the closing levels of the basket components at any time other than on the valuation date (except in the case of tax redemptions as described further on page P-62).

The potential for the value of your notes to increase will be limited

Your ability to participate in any change in the level of the basket over the life of your notes will be limited because of the maximum payment amount. The maximum payment amount will limit the amount in cash you may receive for each of your notes at maturity, no matter how much the level of the basket may rise beyond the initial basket level over the life of your notes. Accordingly, the amount payable for each of your notes may be significantly less than it would have been had you invested directly in the basket or any of the basket components.

The lower performance of one basket component may offset an increase in the other basket components

Declines in the level of one basket component may offset increases in the levels of the other basket components. As a result, any return on the basket, and thus on your notes, may be reduced or eliminated, which will have the effect of reducing the amount payable in respect of your notes at maturity. In addition, because the basket components are not equally weighted, increases in the lower weighted basket components may be offset by even small decreases in the more heavily weighted basket components.

Holding the notes is not the same as holding the component stocks

Holding the notes is not the same as holding the component stocks. For instance, you will not benefit from any positive basket return in excess of an amount that, when multiplied by the participation rate, exceeds the cap on appreciation set by the maximum payment amount. Additionally, neither you nor any other holder or owner of your notes will have any rights with respect to the component stocks, including voting rights, any right to receive dividends or other distributions, any rights to make a claim against the component stocks or any other rights of a holder of the component stocks. Your notes will be paid in cash and you will have no right to receive delivery of any component stocks.

The notes differ from conventional debt instruments

The notes are not conventional notes or debt instruments. The notes do not provide you with interest payments prior to maturity as a conventional fixed-rate or floating-rate debt security with the same maturity would. The return that you will receive on the notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of the Bank.

No interest

The notes will not bear interest and, accordingly, you will not receive any interest payments on the notes.

Your investment is subject to the credit risk of The Bank of Nova Scotia

The notes are senior unsecured debt obligations of the Bank, and are not, either directly or indirectly, an obligation of any third party. As further described in the accompanying prospectus, accompanying prospectus supplement and accompanying product prospectus supplement, the notes will rank on par with all of the other unsecured and unsubordinated debt obligations of the Bank, except such obligations as may be preferred by operation of law. Any payment to be made on the notes, including the payment at maturity, depends on the ability of the Bank to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of the Bank may affect the market value of the notes and, in the event the Bank were to default on its obligations, you may not receive the amounts owed to you under the terms of the notes. If you sell the notes prior to maturity, you may receive substantially less than the principal amount of your notes.

There are potential conflicts of interest between you and the calculation agent

Scotia Capital, Inc., the calculation agent, is one of our affiliates. In performing its duties, the economic interests of the calculation agent are potentially adverse to your interests as an investor in the notes. The calculation agent is under no obligation to consider your interests as a holder of the notes in taking any actions that might affect the level of the basket components and the value of the notes.

Investors should investigate the component stocks as if investing directly

Investors should conduct their own diligence of the component stocks as an investor would if it were directly investing in the component stocks. Neither we nor any of our affiliates have participated in the preparation of any publicly available information or made any "due diligence" investigation or inquiry with respect to the basket components or the component stocks. Furthermore, we cannot give any assurance that all events occurring prior to the original issue date have been properly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the component stocks could affect any payment at maturity.

Investors should not conclude that the  
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sale by the Bank of the notes is any form of investment recommendation by the Bank or any of its affiliates to invest in the component stocks.

The notes are subject to market risk

The return on the notes is directly linked to the performance of the basket, and the extent to which the basket return is positive or negative, and indirectly linked to the levels of the basket components and the prices of the component stocks. The levels of the basket can rise or fall sharply due to factors specific to the basket components and component stocks, as well as general market factors, such as general market volatility and levels, interest rates and economic and political conditions.

The participation rate applies only at maturity

You should be willing to hold your notes to maturity. If you are able to sell your notes prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the participation rate or the notes themselves, and the return you realize may be less than the basket return multiplied by the participation rate even if such return is positive and less than the maximum payment amount. You may receive the full benefit of the participation rate only if you hold your notes to maturity.

If the level of the basket changes, the market value of your notes may not change in the same manner

Your notes may trade quite differently from the performance of the basket. Changes in the level of the basket may not result in a comparable change in the market value of your notes. We discuss some of the reasons for this disparity under “—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” below and under “Additional Risk Factors Specific to the Underlier-Linked Notes — The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” on page PS-6 of the accompanying product prospectus supplement.

There is no assurance that the investment view implicit in the notes will be successful

It is impossible to predict with certainty whether and the extent to which the level of the basket will rise or fall. There can be no assurance that the level of the basket will rise above the initial basket level or that the percentage decline from the initial basket level to the final basket level will not be greater than the buffer percentage. The final basket level may be influenced by complex and interrelated political, economic, financial and other factors that affect the levels of the basket components (and the component stocks). You should be willing to accept the risks of the price performance of equity securities in general and the component stocks in particular and the risk of losing some or all of your initial investment.

Furthermore, we cannot give you any assurance that the future performance of the level of the basket components (and the component stocks) will result in your receiving an amount greater than or equal to the principal amount of your notes. Certain periods of historical performance of the levels of the basket components (and the component stocks) would have resulted in you receiving less than the principal amount of your notes if you had owned notes with terms similar to these notes in the past. See “Information Regarding The Basket and Basket Components” in this pricing supplement for further information regarding the historical performance of the basket components.

Past hypothetical performance of the basket and past performance of the basket components should not be taken as an indication of the future performance of the level of the basket or the levels of the basket components

The notes are directly linked to the performance of the basket and indirectly linked to the performance of the basket components (and component stocks), which is speculative and involves a high degree of risk. None of the Bank, the calculation agent, SCUSA or any other affiliate of the Bank gives any assurance as to the performance of the basket or the basket components. Investors should not conclude that the sale by the Bank of the notes is an investment recommendation by it or by any of the other entities mentioned above to invest in securities linked to the basket.

Investors should consult with their own financial advisors as to whether an investment in the notes is appropriate for them. Past hypothetical performance of the basket and past performance of the basket components should not be taken as a guarantee or assurance of the future performance of the basket or basket components, and it is impossible to predict whether the basket or basket components will rise or fall during the term of the notes.

We may sell an additional aggregate principal amount of the notes at a different issue price

We may decide to sell an additional aggregate principal amount of the notes subsequent to the date of the pricing supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided on the cover of this pricing supplement.



Changes affecting the basket components could have an adverse effect on the value of the notes

The policies of each basket component sponsor concerning additions, deletions and substitutions of the component stocks and the manner in which each basket component sponsor takes account of certain changes affecting the component stocks of a particular basket component may adversely affect the closing level of the relevant basket component. The policies of each basket component sponsor with respect to the calculation of each basket component could also adversely affect the closing level of such basket component. Any of the basket component sponsors may discontinue or suspend calculation or dissemination of any of the basket components. Any such actions could have a material adverse effect on the value of the notes.

The basket components reflect price return, not total return

The return on your notes is based on the performance of the basket, which reflects the changes in the market levels of the basket components, and the prices of their component stocks. It is not, however, linked to a "total return" index or strategy, which, in addition to reflecting those price returns, would also reflect dividends paid on the component stocks. The return on your notes will not include such a total return feature or dividend component.

The basket return will not be adjusted for changes in exchange rates related to the U.S. dollar, which might affect a basket component whose component stocks are traded in currencies other than the U.S. dollar

Although the component stocks for the basket components are traded in currencies other than the U.S. dollar, the notes are denominated in U.S. dollars, and the calculation of the amount payable on the notes at maturity will not be adjusted for changes in the exchange rates between the U.S. dollar and any of the currencies in which such component stocks are denominated. Changes in exchange rates, however, may reflect changes in various non-U.S. economies that in turn may affect the levels of the basket components (and therefore the basket closing level) or basket return, as applicable, and therefore, the amount payable on your notes. The amount we pay in respect of the notes on the maturity date will be determined solely in accordance with the procedures described in "General Terms of the Notes" beginning on page PS-14 in the accompanying product prospectus supplement.

The Bank cannot control actions by the basket component sponsors and the basket component sponsors have no obligation to consider your interests

The Bank and its affiliates are not affiliated with the basket component sponsors and have no ability to control or predict their actions, including any errors in or discontinuation of public disclosure regarding methods or policies relating to the calculation of the basket components. The basket component sponsors are not involved in the notes offering in any way and have no obligation to consider your interest as an owner of the notes in taking any actions that might negatively affect the market value of your notes.

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The notes are subject to non-U.S. securities market risk

Each of the basket components is subject to risks associated with non-U.S. securities markets, specifically the regions of the Eurozone, United Kingdom, Japan, Switzerland and Australia. An investment in notes linked directly or indirectly to the value of securities issued by non-U.S. companies involves particular risks.

Generally, non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. markets differently from U.S. securities markets. Direct or indirect government intervention to stabilize these non-U.S. markets, as well as cross shareholdings in non-U.S. companies, may affect trading prices and volumes in those markets. There is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. Securities prices in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the non-U.S. government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities and the possibility of fluctuations in the rate of exchange between currencies. The United Kingdom has voted to leave the European Union (popularly known as "Brexit"). The effect of Brexit is uncertain, and Brexit has and may continue to contribute to volatility in the prices of securities of companies located in Europe and currency exchange rates, including the valuation of the euro and British pound in particular. Moreover, certain aspects of a particular non-U.S. economy may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

The Eurozone financial crisis could negatively impact investors in the notes

A number of countries in the eurozone are undergoing a financial crisis affecting their economies, their ability to meet their sovereign financial obligations, and their financial institutions. Countries in the eurozone that are not currently experiencing a financial crisis may do so in the future as a result of developments in other eurozone countries. The economic, political, legal and regulatory ramifications of this financial crisis, including any legal or regulatory changes made in response to the crisis, are impossible to predict. During the crisis, the USD/EUR exchange rate may be significantly more volatile than it has been in the past (as may the exchange rate between the euro and other currencies). In response to this crisis, governments and regulatory bodies have taken, and may in the future take, extraordinary measures to intervene in the currency markets for the euro and the economies and financial institutions of the eurozone. Increased volatility caused by the crisis and any economic, political, legal or regulatory changes made to address, or otherwise resulting from, the crisis and any intervention in the currency markets or eurozone economies could have an adverse effect on the USD/EUR exchange rate or the exchange rate between the euro and other currencies. There is also a possibility that one or more eurozone countries may cease to use the euro, which could also adversely affect the exchange rate between the euro and other currencies and potentially the convertibility of the euro in such countries. There is also the possibility that the euro may cease to exist or the USD/EUR exchange rate may otherwise become unavailable. If these events were to happen, the closing levels of the basket components, and the value of the notes, could be adversely affected.

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If you purchase your notes at a premium to principal amount, the return on your investment will be lower than the return on notes purchased at principal amount and the impact of certain key terms of the notes will be negatively affected

The payment at maturity will not be adjusted based on the public offering price you pay for the notes. If you purchase notes at a price that differs from the principal amount of the notes, then the return on your investment in such notes held to the maturity date will differ from, and may be substantially less than, the return on notes purchased at principal amount. If you purchase your notes at a premium to principal amount and hold them to the maturity date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at principal amount or a discount to principal amount. In addition, the impact of the maximum payment amount and the buffer level on the return on your investment will depend upon the price you pay for your notes relative to principal amount. For example, if you purchase your notes at a premium to principal amount, the maximum payment amount will only permit a lower positive return in your investment in the notes than would have been the case for notes purchased at principal amount or a discount to principal amount. Similarly, the buffer level, while still providing some protection for the return on the notes, will allow a greater percentage decrease in your investment in the notes than would have been the case for notes purchased at principal amount or a discount to principal amount.

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

The price at which the notes may be sold prior to maturity will depend on a number of factors. Some of these factors include, but are not limited to: (i) actual or anticipated changes in the level of the basket (and the levels of the basket components) over the full term of the notes, (ii) correlation among the basket components, (iii) changes in interest rates generally, (iv) any actual or anticipated changes in our credit ratings or credit spreads and (v) time remaining to maturity. In particular, because the provisions of the notes relating to the payment at maturity and the maximum payment amount behave like options, the value of the notes will vary in ways which are non-linear and may not be intuitive.

Depending on the actual or anticipated level of the basket (and therefore the levels of the basket components) and other relevant factors, the market value of the notes may decrease and you may receive substantially less than 100% of the issue price if you sell your notes prior to maturity even if the percentage change in the level of the basket at such time is positive, or negative but by a percentage equal to or less than the buffer percentage.

See “Additional Risk Factors Specific to the Notes—The Market Value of Your Notes May Be Influenced by Many Unpredictable Factors” beginning on page PS-6 of the accompanying product prospectus supplement.

The notes lack liquidity

The notes will not be listed on any securities exchange or automated quotation system. Therefore, there may be little or no secondary market for the notes. SCUSA and any of our other affiliates may, but are not obligated to, make a market in the notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because we do not expect that other broker-dealers will participate significantly in the secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which SCUSA is willing to purchase the notes from you. If at any time SCUSA were not to make a market in the notes, it is likely that there would be no secondary market for the notes. Accordingly, you should be willing to hold your notes to maturity.

Hedging activities by the Bank and SCUSA may negatively impact investors in the notes and cause our respective interests and those of our clients and counterparties to be contrary to those of investors in the notes

The Bank, SCUSA or one or more of our other affiliates has hedged or expects to hedge the obligations under the notes by purchasing futures and/or other instruments linked to the basket components. The Bank, SCUSA or one or more of our other affiliates also expects to adjust the hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the basket components and/or one or more of the component stocks, at any time and from time to time, and to unwind the hedge by selling any of the foregoing on or before the valuation date.

The Bank, SCUSA or one or more of our other affiliates may also enter into, adjust and unwind hedging transactions relating to other basket- or index-linked notes whose returns are linked to changes in the level or price of the basket components or the component stocks. Any of these hedging activities may adversely affect the level of the basket

components — directly or indirectly by affecting the price of the component stocks — and therefore the market value of the notes and the amount you will receive, if any, on the notes. Because the dealer, or an affiliate, from which you purchase notes is to conduct hedging activities for us in connection with the notes, that dealer, or an affiliate, may profit in connection with such hedging activities and such profit, if any, will be in addition to the compensation that the dealer receives for the sale of the notes to you. You should be aware that the potential to earn fees in connection with hedging activities may create a further incentive for the dealer to sell the notes to you in addition to the compensation they would

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receive for the sale of the notes. In addition, you should expect that these transactions will cause the Bank, SCUSA or any other affiliate, or our respective clients or counterparties, to have economic interests and incentives that do not align with, and that may be directly contrary to, those of an investor in the notes. None of the Bank, SCUSA or any of our other affiliates will have any obligation to take, refrain from taking or cease taking any action with respect to these transactions based on the potential effect on an investor in the notes, and the Bank, SCUSA or any of our other affiliates may receive substantial returns with respect to these hedging activities while the value of the notes may decline.

The Bank, SCUSA and our other affiliates regularly provide services to, or otherwise have business relationships with, a broad client base, which has included and may include us and the issuers of the component stocks and the market activities by the Bank, SCUSA or our other affiliates for our own account or for our clients could negatively impact investors in the notes

We, SCUSA and our other affiliates regularly provide a wide range of financial services, including financial advisory, investment advisory and transactional services to a substantial and diversified client base. As such, we each may act as an investor, investment banker, research provider, investment manager, investment advisor, market maker, trader, prime broker or lender. In those and other capacities, we, SCUSA and/or our other affiliates purchase, sell or hold a broad array of investments, actively trade securities (including the notes or other securities that we have issued), the component stocks, the underlying currency, derivatives, loans, credit default swaps, indices, baskets and other financial instruments and products for our own accounts or for the accounts of our customers, and we will have other direct or indirect interests, in those securities and in other markets that may not be consistent with your interests and may adversely affect the level of the basket components, the underlying currency and/or the value of the notes. You should assume that we or they will, at present or in the future, provide such services or otherwise engage in transactions with, among others, us and the issuers of the component stocks, or transact in securities or instruments or with parties that are directly or indirectly related to these entities. These services could include making loans to or equity investments in those companies, providing financial advisory or other investment banking services, or issuing research reports. Any of these financial market activities may, individually or in the aggregate, have an adverse effect on the level of the basket components and the market for your notes, and you should expect that our interests and those of SCUSA and/or our other affiliates, clients or counterparties, will at times be adverse to those of investors in the notes.

You should expect that we, SCUSA and our other affiliates, in providing these services, engaging in such transactions, or acting for our own accounts, may take actions that have direct or indirect effects on the notes or other securities that we may issue, the component stocks or other securities or instruments similar to or linked to the foregoing, and that such actions could be adverse to the interests of investors in the notes. In addition, in connection with these activities, certain personnel within the Bank, SCUSA or our other affiliates may have access to confidential material non-public information about these parties that would not be disclosed to investors in the notes.

We, SCUSA and our other affiliates regularly offer a wide array of securities, financial instruments and other products into the marketplace, including existing or new products that are similar to the notes or other securities that we may issue, the component stocks or other securities or instruments similar to or linked to the foregoing. Investors in the notes should expect that the Bank, SCUSA and our other affiliates offer securities, financial instruments, and other products that may compete with the notes for liquidity or otherwise.

Other investors in the notes may not have the same interests as you

The interests of other investors may, in some circumstances, be adverse to your interests. Other investors may make requests or recommendations to us or SCUSA regarding the establishment of transactions on terms that are adverse to your interests, and investors in the notes are not required to take into account the interests of any other investor in exercising remedies, voting or other rights in their capacity as noteholders. Further, other investors may enter into market transactions with respect to the notes, assets that are the same or similar to the notes, assets referenced by the notes (such as stocks or stock indices) or other similar assets or securities which may adversely impact the market for or value of your notes. For example, an investor could take a short position (directly or indirectly through derivative transactions) in respect of securities similar to your notes or in respect of the basket components.

The calculation agent can postpone the valuation date for the notes if a market disruption event with respect to any of the basket components occurs

If the calculation agent determines, in its sole discretion, that, on a day that would otherwise be the valuation date, a market disruption event with respect to a basket component has occurred or is continuing, the valuation date for the affected basket component will be postponed until the first following trading day on which no market disruption event occurs or is continuing, although the valuation date will not be postponed by more than seven scheduled trading days. Moreover, if the valuation date is postponed to the last possible day, but a market disruption event occurs or is continuing

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on that day, that day will nevertheless be the valuation date, and the calculation agent will determine the applicable final level that must be used to determine the payment at maturity. See “General Terms of the Notes — Unavailability of the Level of the Reference Asset on a Valuation Date” beginning on page PS-19 and “General Terms of the Notes — Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement.

There is no affiliation between the issuers of any component stock or any basket component sponsor and us or SCUSA

The Bank, SCUSA and our other affiliates may currently, or from time to time in the future, engage in business with the issuers of the component stocks. Neither we nor any of our affiliates have participated in the preparation of any publicly available information or made any “due diligence” investigation or inquiry with respect to the basket components or the component stocks. Before investing in the notes you should make your own investigation into the basket components and the issuers of the component stocks. See the section below entitled “Information Regarding the Basket Components” in this pricing supplement for additional information about the basket components.

#### Uncertain tax treatment

Significant aspects of the tax treatment of the notes are uncertain. You should consult your tax advisor about your tax situation. See “Certain Canadian Income Tax Consequences” and “Certain U.S. Federal Income Tax Considerations” in this pricing supplement.

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## INFORMATION REGARDING THE BASKET AND THE BASKET COMPONENTS

### The Basket

The basket is comprised of five basket components with the following initial weights within the basket: the EURO STOXX 50<sup>®</sup> Index (37.00% weighting), the FTSE<sup>®</sup> 100 Index (23.00% weighting), the TOPIX (23.00% weighting), the Swiss Market Index (9.00% weighting) and the S&P/ASX 200 Index (8.00% weighting).

### HYPOTHETICAL HISTORICAL BASKET LEVELS

Because the basket is a newly created basket and its level will begin to be calculated only on the trade date, there is no actual historical information about the basket closing levels as of the date of this pricing supplement. Therefore, the hypothetical basket closing levels of the basket below are calculated based on publicly available information for each basket component as reported by Bloomberg Professional<sup>®</sup> service (“Bloomberg”), without independent verification. The hypothetical basket closing levels have fluctuated in the past and may, in the future, experience significant fluctuations. Any hypothetical historical upward or downward trend in the basket closing level during any period shown below is not an indication that the basket is more or less likely to increase or decrease at any time during the life of your notes.

The graph below illustrates the hypothetical performance of the basket from January 3, 2007 through November 3, 2017, based on the daily closing levels of the basket components. Past hypothetical performance of the basket is not indicative of the future performance of the basket.

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## EURO STOXX 50<sup>®</sup> Index (“SX5E”)

The SX5E is a free-float market capitalization-weighted index of 50 European blue-chip stocks. The 50 stocks included in the SX5E trade in euros, and are allocated based on their country of incorporation, primary listing and largest trading volume, to one of the following countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain, which we refer to collectively as the Eurozone. Companies allocated to a Eurozone country but not traded in Euros are not eligible for inclusion in the SX5E. The SX5E was created by and is sponsored and maintained by STOXX Limited. Publication of the SX5E began on February 26, 1998, based on an initial index value of 1,000 at December 31, 1991. The level of the SX5E is disseminated on the STOXX Limited website. STOXX Limited is under no obligation to continue to publish the SX5E and may discontinue publication of it at any time. Additional information regarding the SX5E may be obtained from the STOXX Limited website: [stox.com](http://stox.com). We are not incorporating by reference the website or any material it includes in this pricing supplement.

The top ten constituent stocks of the SX5E as of September 29, 2017, by weight, are: Total S.A. (4.64%), Siemens AG (4.14%), Sanofi (3.94%), Bayer AG (3.90%), Banco Santander S.A. (3.87%), SAP SE (3.78%), Allianz SE (3.49%), BASF SE (3.38%), Unilever N.V. (3.22%) and BNP Paribas (3.21%); constituent weights may be found at [stox.com/download/indices/factsheets/SX5GT.pdf](http://stox.com/download/indices/factsheets/SX5GT.pdf) under "Factsheets and Methodologies" and are updated periodically.

As of September 29, 2017, the top ten industry sectors which comprise the SX5E represent the following weights in the index: Banks (16.1%), Chemicals (9.1%), Health Care (7.4%), Industrial Goods & Services (10.5%), Insurance (6.8%), Oil & Gas (6.1%), Personal & Household Goods (9.0%), Technology (7.3%), Telecommunications (4.9%) and Utilities (5.1%); industry weightings may be found at [stox.com/download/indices/factsheets/SX5GT.pdf](http://stox.com/download/indices/factsheets/SX5GT.pdf) under "Factsheets and Methodologies" and are updated periodically. Percentages may not sum to 100% due to rounding. Sector designations are determined by the basket component sponsor using criteria it has selected or developed. Index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.

As of September 29, 2017, the eight countries which comprise the SX5E represent the following weights in the SX5E: Belgium (3.1%), Finland (1.2%), France (36.2%), Germany (32.9%), Ireland (1.1%), Italy (4.8%), Netherlands (10.1%) and Spain (10.6%); country weightings may be found at [stox.com/download/indices/factsheets/SX5GT.pdf](http://stox.com/download/indices/factsheets/SX5GT.pdf) under "Factsheets and Methodologies" and are updated periodically.

### SX5E Composition.

The SX5E is composed of 50 component stocks chosen by STOXX Limited from the 19 EURO STOXX Supersector indices, which represent the Eurozone portion of the STOXX Europe 600 Supersector indices. STOXX Limited selects component stocks that have, in its view, a high degree of liquidity and represent the largest companies across all market sectors. The 19 supersectors from which stocks are selected for the SX5E are Automobiles & Parts, Banks, Basic Resources, Chemicals, Construction & Materials, Financial Services, Food & Beverages, Health Care, Industrial Goods & Services, Insurance, Media, Oil & Gas, Personal & Household Goods, Real Estate, Retail, Technology, Telecommunications, Travel & Leisure and Utilities, although stocks from each of these supersectors are not necessarily included at a given time.

### Component Selection

The composition of the SX5E is reviewed by STOXX Limited annually in September. Within each of the 19 EURO STOXX Supersector indices, the respective component stocks are ranked by free—float market capitalization. The largest stocks are added to the selection list until the coverage is close to, but still less than, 60% of the free—float market capitalization of the corresponding EURO STOXX Total Market Index Supersector Index. If the next highest—ranked stock brings the coverage closer to 60% in absolute terms, then it is also added to the selection list. All remaining stocks that are current SX5E components are then added to the selection list. The stocks on the selection list are then ranked by free—float market capitalization. The 40 largest stocks on the selection list are chosen as index components. The remaining 10 stocks are then selected from the largest current stocks ranked between 41 and 60. If the number of index components is still below 50, then the largest remaining stocks on the selection list are added until the SX5E contains 50 stocks. In exceptional cases, the STOXX Limited Management Board may make additions

and deletions to the selection list.

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### Ongoing Maintenance of Component Stocks

The component stocks of the SX5E are monitored on an ongoing monthly basis for deletion and quarterly basis for addition. Changes to the composition of the SX5E due to corporate actions (including mergers and takeovers, spin—offs, sector changes and bankruptcy) are announced immediately, implemented two trading days later and become effective on the next trading day after implementation.

The component stocks of the SX5E are subject to a “fast exit” rule. A component stock is deleted if it ranks 75 or below on the monthly selection list and it ranked 75 or below on the selection list of the previous month. The highest-ranked non-component stock will replace the existing component stock. The SX5E is also subject to a “fast entry” rule. All stocks on the latest selection lists and initial public offering (IPO) stocks are reviewed for a fast-track addition on a quarterly basis. A stock is added if it qualifies for the latest blue-chip selection list generated at the end of February, May, August or November and if it ranks within the lower buffer (between 1 and 25) on the selection list. If added, the stock replaces the smallest component stock.

A deleted stock is replaced immediately to maintain the fixed number of stocks. The replacement is based on the latest monthly selection list. In the case of a merger or takeover where a component stock is involved, the original component stock is replaced by the new component stock. In the case of a spin-off, if the original stock was a component stock, then each spin-off stock qualifies for addition if it lies within the lower buffer (between 1 and 40) on the latest selection list. The largest qualifying spin-off stock replaces the original component stock, while the next qualifying spin-off stock replaces the lowest ranked component stock and likewise for other qualifying spin-off stocks.

The free float factors and outstanding number of shares for each component stock that STOXX Limited uses to calculate the SX5E, as described below, are reviewed, calculated and implemented on a quarterly basis and are fixed until the next quarterly review. Certain extraordinary adjustments to the free float factors and/or the number of outstanding shares are implemented and made effective more quickly. The timing depends on the magnitude of the change. Each component’s weight is capped at 10% of the SX5E’s total free float market capitalization. The free float factor reduces the component stock’s number of shares to the actual amount available on the market. All holdings that are larger than five percent of the total outstanding number of shares and held on a long-term basis are excluded from the index calculation (including, but not limited to, stock owned by the company itself, stock owned by governments, stock owned by certain individuals or families, and restricted shares).

### Index Calculation

STOXX Limited calculates the SX5E using the “Laspeyres formula,” which measures the aggregate price changes in the component stocks against a fixed base quantity weight. The discussion below describes the “price return” calculation of the SX5E. The formula for calculating the SX5E value can be expressed as follows:

$$\text{SX5E} = \frac{\text{Free Float Market Capitalization of the SX5E}}{\text{Divisor}}$$

The “free float market capitalization of the SX5E” is equal to the sum of the product of the price, the number of shares, the free float factor and the weighting cap factor for each component stock as of the time the SX5E is being calculated. The component stocks trade in Euros and thus, no currency conversion is required. Where any component stock price is unavailable on any trading day, the basket component sponsor will generally use the last reported price for such component stock.

In case the investability and tradability of the index and index based products is affected by an upcoming market or company event that is considered significant or “extreme” by the STOXX Management Board, the following actions or a combination of the following actions are taken. For all such changes a minimum notification period of two full trading days will be observed. The action scope may include but is not limited to:

- application of expert judgment for index component pricing data,
- adjustment of operational procedures,
- postponement of index adjustments,
- adjustment of selection lists,

· change of weights of index constituents by adjusting number of shares, free-float factors or weighting cap-factors, or  
· adjustment of index compositions.

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#### EURO STOXX 50 Divisor

The SX5E is calculated using a divisor that helps to maintain the continuity of the index's value so that corporate actions do not artificially increase or decrease the level of the SX5E.

The divisor is calculated by starting with the previous divisor in effect for the SX5E (which we call the "original divisor value") and multiplying it by a fraction, the numerator of which is the previous free float market capitalization of the SX5E, plus or minus the difference between the closing market capitalization of the SX5E and the adjusted closing market capitalization of the SX5E, and the denominator of which is the previous free float market capitalization of the SX5E. The adjusted free float market capitalization is calculated for stocks of companies that have experienced a corporate action of the type described below as of the time the new divisor value is being calculated using the free float market capitalization calculated with adjusted closing prices, the new number of shares, and the new free float factor minus the free float market capitalization calculated with that stock's original closing price, number of shares, and free float factor, in each case as used in calculating the original divisor value. Errors in divisor calculation are corrected on an intraday basis if discovered on the same day the new divisor is effective. If the error is discovered later, the error is corrected on an intraday basis if feasible and only if the error is considered significant by the STOXX Limited Management Board.

#### Divisor Adjustments

STOXX Limited adjusts the divisor for the SX5E to maintain the continuity of the SX5E values across changes due to corporate actions. Changes in weights due to corporate actions are distributed proportionally across all index components and equal an investment into the portfolio. The following is a summary of the adjustments to any component stock made for corporate actions and the effect of such adjustments on the divisor, where shareholders of the component stock will receive "B" new shares for every "A" share held (where applicable) and assuming that the version of the index to which your notes are linked is the price return version. All adjusted prices consider withholding taxes based on the new shares being distributed, using "B \* (1 - withholding tax where applicable)".

#### (1) Special cash dividend:

Adjusted price = closing price – dividend announced by the company \* (1- withholding tax if applicable)

Divisor: decreases

#### (2) Split and reverse split:

Adjusted price = closing price \* A / B

New number of shares = old number of shares \* B / A Divisor: no change

#### (3) Rights offering:

Adjusted price = (closing price \* A + subscription price \* B) / (A + B)

New number of shares = old number of shares \* (A + B) / A

Divisor: increases

If the subscription price is not available or if the subscription price is equal to or greater than the closing price on the day before the effective date, then no adjustment is made.

Extremely dilutive rights issues having a share ratio larger or equal to 2000% ( $B/A \geq 20$ ) are treated as follows:

STOXX Limited will announce the deletion of the company from all indices following the standard rules for index replacements if sufficient notice of two trading days before the ex-date can be given.

The company may enter the indices again at the next periodic index review, but only after the new rights issue shares have been listed.

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Extremely dilutive rights issues for which two trading days' notice before the ex-date cannot be given, and all highly dilutive rights issues having a share ratio larger or equal to 200% ( $B/A > 2$ ) are treated as follows:

The rights issue shares are included into the indices with a theoretical price on the ex-date;

The rights issue shares must be listed on an eligible stock exchange and tradable starting on the ex-date, otherwise, only a price adjustment is made and the rights are not included;

The rights issue shares will have the same parameters as the parent company;

The rights issue shares will be removed after their first trading day at the close; and

The number of shares and weighting factors will be increased after the new rights issue shares have been listed.

(4) Stock dividend:

Adjusted price = closing price \* A / (A + B)

New number of shares = old number of shares \* (A + B) / A

Divisor: no change

(5) Stock dividend from treasury stock if treated as extraordinary dividend:

Adjusted close = close – close \* B / (A + B) Divisor: decreases

(6) Stock dividend of another company:

Adjusted price = (closing price \* A – price of other company \* B) / A Divisor: decreases

(7) Return of capital and share consolidation:

Adjusted price = [closing price – capital return announced by company \* (1 – withholding tax)] \* A / B

New number of shares = old number of shares \* B / A

Divisor: decreases

(8) Repurchase of shares / self-tender:

Adjusted price = [(price before tender \* old number of shares) – (tender price \* number of tendered shares)] / (old number of shares – number of tendered shares)

New number of shares = old number of shares – number of tendered shares

Divisor: decreases

(9) Spin-off:

Adjusted price = (closing price \* A – price of spin-off shares \* B) / A

Divisor: decreases

(10) Combination stock distribution (dividend or split) and rights offering:

For this corporate action, the following additional assumptions apply:

Shareholders receive B new shares from the distribution and C new shares from the rights offering for every A share held; and

If A is not equal to one, all the following “new number of shares” formulae need to be divided by A.

If rights are applicable after stock distribution (one action applicable to another):

Adjusted price =  $[\text{closing price} * A + \text{subscription price} * C * (1 + B / A)] / [(A + B) * (1 + C / A)]$

New number of shares =  $\text{old number of shares} * [(A + B) * (1 + C / A)] / A$

Divisor: increases

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If stock distribution is applicable after rights (one action applicable to another):

Adjusted price = (closing price \* A + subscription price \* C) / [(A + C) \* (1 + B / A)]

New number of shares = old number of shares \* [(A + C) \* (1 + B / A)]

Divisor: increases

Stock distribution and rights (neither action is applicable to the other):

Adjusted price = (closing price \* A + subscription price \* C) / (A + B + C)

New number of shares = old number of shares \* (A + B + C) / A

Divisor: increases

(11) Addition/deletion of a company

No price adjustments are made. The net change in market capitalization determines the divisor adjustment.

(12) Free float and shares changes

No price adjustments are made. The change in market capitalization determines the divisor adjustment.

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## Historical High, Low and Closing Levels of the Basket Component

The level of the basket component has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the level of the basket component during any period shown below is not an indication that the basket component is more or less likely to increase or decrease at any time during the life of your notes.

The following table sets forth the quarterly high and low closing levels for the basket component, based on the daily closing level as reported by Bloomberg without independent verification. The level of the basket component on November 3, 2017 was 3,689.96. Past performance of the basket component is not indicative of the future performance of the basket component.

Quarter Begin	Quarter End	Quarterly High	Quarterly Low	Quarterly Close
1/3/2011	3/31/2011	3,068.00	2,721.24	2,910.91
4/1/2011	6/30/2011	3,011.25	2,715.88	2,848.53
7/1/2011	9/30/2011	2,875.67	1,995.01	2,179.66
10/3/2011	12/30/2011	2,476.92	2,090.25	2,316.55
1/3/2012	3/30/2012	2,608.42	2,286.45	2,477.28
4/2/2012	6/29/2012	2,501.18	2,068.66	2,264.72
7/2/2012	9/28/2012	2,594.56	2,151.54	2,454.26
10/1/2012	12/31/2012	2,659.95	2,427.32	2,635.93
1/2/2013	3/28/2013	2,749.27	2,570.52	2,624.02
4/1/2013	6/28/2013	2,835.87	2,511.83	2,602.59
7/1/2013	9/30/2013	2,936.20	2,570.76	2,893.15
10/1/2013	12/31/2013	3,111.37	2,902.12	3,109.00
1/2/2014	3/31/2014	3,172.43	2,962.49	3,161.60
4/1/2014	6/30/2014	3,314.80	3,091.52	3,228.24
7/1/2014	9/30/2014	3,289.75	3,006.83	3,225.93
10/1/2014	12/31/2014	3,277.38	2,874.65	3,146.43
1/2/2015	3/31/2015	3,731.35	3,007.91	3,697.38
4/1/2015	6/30/2015	3,828.78	3,424.30	3,424.30
7/1/2015	9/30/2015	3,686.58	3,019.34	3,100.67
10/1/2015	12/31/2015	3,506.45	3,069.05	3,267.52
1/4/2016	3/31/2016	3,178.01	2,680.35	3,004.93
1/4/2016	3/31/2016	3,178.01	2,680.35	3,004.93
4/1/2016	6/30/2016	3,151.69	2,697.44	2,864.74
7/1/2016	9/30/2016	3,091.66	2,761.37	3,002.24
10/3/2016	12/30/2016	3,290.52	2,954.53	3,290.52
1/3/2017	3/31/2017	3,500.93	3,230.68	3,500.93
4/3/2017	6/30/2017	3,658.79	3,409.78	3,441.88
7/3/2017	9/29/2017	3,594.85	3,388.22	3,594.85
10/2/2017*	11/3/2017*	3,697.40	3,591.46	3,689.96

\* As of the date of this pricing supplement, available information for the fourth calendar quarter of 2017 includes data for the period from October 2, 2017 through November 3, 2017. Accordingly, the "Quarterly High," "Quarterly Low" and "Quarterly Close" data indicated are for this shortened period only and do not reflect complete data for the fourth calendar quarter of 2017.

The graph below illustrates the performance of the basket component from October 31, 2007 through November 3, 2017, based on information from Bloomberg. Past performance of the basket component is not indicative of the future performance of the basket component.

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## The FTSE® 100 Index (“UKX”)

The UKX is a market capitalization-weighted index of the 100 most highly capitalized U.K.-listed blue chip companies traded on the London Stock Exchange. The UKX was developed with a base level of 1,000 as of December 30, 1983. The UKX Index is calculated, published and disseminated by FTSE Russell, a company owned by the London Stock Exchange Companies (the “Exchange”) that we refer to as FTSE. Additional information on the UKX is available from the following website: [ftse.com/products/indices/uk](http://ftse.com/products/indices/uk). We are not incorporating by reference the website or any material it includes in this pricing supplement. FTSE is under no obligation to continue to publish the UKX and may discontinue publication of the UKX at any time.

FTSE divides the 100 companies included in the UKX into 19 sectors: Oil & Gas, Chemicals, Basic Resources, Construction & Materials, Industrial Goods & Services, Automobiles & Parts, Food & Beverage, Personal & Household Goods, Health Care, Retail, Media, Travel & Leisure, Telecommunications, Utilities, Banks, Insurance, Real Estate, Financial Services and Technology.

## Component Stock Weighting by Sector as of September 29, 2017

Sector*	Percentage**
Oil & Gas	14.66%
Personal & Household Goods	13.85%
Banks	13.56%
Health Care	9.92%
Basic Resources	7.55%
Industrial Goods & Services	6.60%
Insurance	5.93%
Telecommunications	4.18%
Food & Beverages	4.03%
Travel & Leisure	3.97%
Utilities	3.53%
Media	3.21%
Financial Services	2.40%
Retail	2.30%
Construction & Materials	1.25%
Real Estate	1.20%
Technology	0.94%
Chemicals	0.59%
Automobiles & Parts	0.31%

\* Sector designations are determined by the basket component sponsor using criteria it has selected or developed. Index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.

\*\* Information provided by FTSE. Percentages may not sum to 100% due to rounding.

The FTSE announced that it expects to add an 11th industry, Real Estate, to the Industry Classification Benchmark after the market close on December 31, 2018.



The top five constituent stocks of the UKX as of September 29, 2017, by weight, are: HSBC Holdings PLC (7.78%); British American Tobacco PLC (5.62%); Royal Dutch Shell PLC Class A (5.30%); BP PLC (4.84%) and Royal Dutch Shell PLC Class B (4.53%).

The above information was derived from information prepared by the basket component sponsor, however, the percentages we have listed above are approximate and may not match the information available on the basket component sponsor's website due to subsequent corporation actions or other activity relating to a particular stock.

#### UKX Composition and Selection Criteria

The UKX consists of the 100 largest U.K.-listed blue chip companies, based on full market capitalization, that pass screening tests for free-float and liquidity. The UKX is reviewed on a quarterly basis in March, June, September and December based on data from the close of business on the Tuesday before the first Friday of the review month. The FTSE Russell Europe, Middle East & Africa Regional Equity Advisory Committee, which we refer to as the Committee, meets quarterly to approve the constituents of the index. These meetings are held on the Wednesday before the first Friday in March, June, September and December. Any constituent changes are implemented after the close of business on the third Friday of the review month (i.e. effective Monday), following the expiration of the Intercontinental Exchange Futures Europe futures and options contracts.

#### Eligibility Standards

Only "premium listed" equity shares, as defined by the Financial Conduct Authority in its Listing Rules Sourcebook, are eligible for inclusion in the UKX. Eligible stocks must pass free-float and liquidity screens before being included in the index.

**Free-Float Screen** — With regard to free-float, a stock must have a minimum free float (as described below) of 25% if the issuing company is incorporated in the United Kingdom and 50% if it is a non-United Kingdom incorporated company. A new company may be initially included in the index with a free float outside of the above parameters so long as it has an initial free float above 5% and it is expected to meet the minimum free float requirements within 12 months of its first day of trading.

**Liquidity Screen** — With regard to liquidity, each eligible stock is tested for liquidity annually in June by calculating its median daily trading per month. When calculating the median of daily trades per month of any security, a minimum of 5 trading days in each month must exist, otherwise the month is excluded from the test. Liquidity is tested from the first business day in May of the previous year to the last business day of April. The median trade is calculated by ranking each daily trade total and selecting the middle-ranking day. Any period of suspension is not included in the test. The liquidity test is applied on a pro-rata basis where the testing period is less than 12 months. A stock not presently included in the UKX that does not turnover at least 0.025% of its shares in issue (after application of any investability weightings) based on its median daily trade per month in at least ten of the 12 months prior to the annual index review in June will not be eligible for inclusion until the next annual review. An existing constituent failing to trade at least 0.015% of its shares in issue (after the application of any investability weightings) based on its median daily trade per month for at least eight of the 12 months prior to the annual index review will be removed from the UKX and will not be eligible for inclusion until the next annual review. New issues must have a minimum trading record of at least 20 trading days prior to the review date and that they have turned over at least 0.025% of their shares in issue (after the application of any investability weightings) based on their median daily trade each month, on a pro-rata basis since premium listing or UK Nationality allocation date if non-UK incorporated.

**Price**— With regard to price, the Committee must be satisfied that an accurate and reliable price exists for purposes of determining the market value of a company. To be eligible for inclusion in the UKX, a stock must have a full listing on the London Stock Exchange with a Sterling-denominated price on SETS (SETS is the London Stock Exchange's trading service for UK blue chip securities).

**Market Capitalization Ranking** — Eligible stocks that pass the free-float and liquidity screens and that have an accurate and reliable price are ranked by the Committee according to their market capitalization before the application of any adjustments based on the extent to which the shares are publicly traded. Only the quoted equity capital of a constituent company will be included in the calculation of its market capitalization. Where a company has two or more classes of equity, secondary lines will be included in the calculation of the market capitalization of the company only if those lines are significant and liquid. The Committee will add a stock to the UKX at the quarterly review if it has risen to 90th place or above on the full market capitalization rankings and will delete a stock at the quarterly review if it has

fallen to 111th place or below on these rankings. Market capitalization rankings are calculated using data as of the close of business on the day before the review.

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100 Constituent Limitation — The UKX always contains 100 constituents. If a greater number of companies qualify to be inserted in the index than qualify to be removed, the lowest ranking constituents of the index will be removed so that the total number of stocks remains at 100 following inclusion of those that qualify to be inserted. Likewise, if a greater number of companies qualify to be removed than to be inserted at the quarterly review, securities of the highest ranking companies that are then not included in the UKX will be inserted to match the number of companies being removed, in order to maintain the total at 100.

In addition to the eligibility criteria discussed above, a company is required to have greater than 5% of its voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders. Current constituents of the UKX who do not meet this requirement will have until the September 2022 review to meet the requirement or they will be removed from the UKX.

#### UKX Calculation

The UKX is a market capitalization weighted index. This means that the price movement of a larger company (that is, one representing larger percentage of the index) will have a greater effect on the price of the index than will the price movement of a smaller company (that is, one representing a smaller percentage of the index).

The value of the UKX is represented by a fraction, (a) the numerator of which is the sum of the product of (i) the price of each component stock, (ii) the number of shares issued for each such component and (iii) a free float factor for each such component (described more fully below), and (b) the denominator of which is a divisor. The divisor represents the total issued share capital of the index on the base date; the divisor may be adjusted as necessary to allow for changes in issued share capital of individual securities without distorting the index.

As noted above, a free float factor is applied to each index component. By employing this approach, FTSE uses the investable market capitalization, not the total market capitalization, of each constituent to determine the value of the UKX. Investable market capitalization depends on free float. The following are excluded from free float: shares directly owned by state, regional, municipal and local governments (excluding shares held by independently managed pension schemes for governments); shares held by sovereign wealth funds where each holding is 10% or greater of the total number of shares in issue (if the holding subsequently decreases below 10%, the shares will be excluded from free float until the holding falls below 7%); shares held by directors, senior executives and managers of the company, and by their family and direct relations, and by companies with which they are affiliated; shares held within employee share plans; shares held by public companies or by non-listed subsidiaries of public companies; shares held by founders, promoters, former directors, founding venture capital and private equity firms, private companies and individuals (including employees) where the holding is 10% or greater of the total number of shares in issue (if the holding subsequently decreases below 10%, the shares will be excluded from free float until the holding falls below 7%); all shares where the holder is subject to a lock-in clause (for the duration of that clause, after which free float changes resulting from the expiration of a lock-in clause will be implemented at the next quarterly review subsequent to there being a minimum of 20 business days between the expiration date of such lock-in clause and the Tuesday before the first Friday of the review month; if the previously locked-in shares are sold by way of a corporate event (such as a secondary offering), any change to the free float will be applied five business days following completion and therefore will not be subject to the minimum 20 business day rule); shares held for publicly announced strategic reasons, including shares held by several holders acting in concert; and shares that are subject to ongoing contractual agreements (such as swaps) where they would ordinarily be treated as restricted.

The UKX is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the UKX are notified through appropriate media.

#### Index Maintenance

The UKX is reviewed quarterly for changes in free float. A stock's free float is also reviewed and adjusted if necessary following certain corporate events. Following a takeover or merger involving one or more index constituents, the free float restrictions will be based on restricted holdings in the successor company and will be implemented when the offer has completed (or lapsed) unless it directly reflects a corporate action independent of and not conditional on the takeover or merger completing or lapsing. If the corporate event includes another corporate action that affects the index, a change in free float is implemented at the same time as the corporate action. If there is no corporate action, the change in free float will be applied at the next quarterly review. Following the application of an initial free float restriction, a stock's free float will only be changed if its rounded free float moves more than three percentage points

above or below the existing rounded free float. Companies with a free float of above 99% and of 15% or below will not be subject to the three percentage points threshold.

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At each quarterly review, the Committee publishes a Reserve List containing the six highest ranking non-constituents of the UKX. The Reserve List will be used in the event that one or more constituents are deleted from the index during the period up to the next quarterly review. If a merger or takeover results in one index constituent being absorbed by another constituent, the resulting company will remain a constituent and a vacancy will be created. This vacancy will be filled by selecting the highest ranking security in the Reserve List as at the close of the UKX calculation two days prior to the deletion and related index adjustment. If an index constituent is taken over by a non-constituent company, the original constituent will be removed and replaced by the highest ranking non-constituent on the Reserve List. Any eligible company resulting from the takeover will be eligible to become the replacement company if it is ranked higher than any other company on the Reserve List. If a constituent company is split to form two or more companies, then the resulting companies will be eligible for inclusion as UKX constituents, based on their respective full market capitalizations (before the application of any investability weightings), provided that they qualify in all other respects. Any eligible company resulting from a split that, after 20 business days, has no available market price and no known trading date will be removed. If a split results in the inclusion of an ineligible non-equity security, such security will remain in the UKX for two trading days and then be removed. If a constituent is delisted or ceases to have a firm quotation, it will be removed from the list of constituents and be replaced by the highest ranking eligible company from the Reserve List as at the close of the Index calculation two days prior to the deletion.

#### Capitalization Adjustments

A premium listed secondary line of a company will be considered for index inclusion if its total market capitalization before the application of any adjustments based on the extent to which the shares are publicly traded, is greater than 25% of the total market capitalization of the company's principal line and the secondary line is eligible, in its own right. Should the total market capitalization of a secondary line fall below 20% of the total market capitalization of the company's principal line at an annual review, the secondary line will be deleted from the UKX unless its total market capitalization remains above the qualification level for continued inclusion as a constituent of the UKX at that review. Where a company has partly paid shares, these shares, together with the outstanding call(s), are both included in the UKX. Warrants to purchase ordinary shares and convertible securities are not included in the UKX until they are exercised or converted.

**Share Weighting Changes** — For the purposes of computing the UKX, the number of shares in issue for each constituent security is expressed to the nearest share and, to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1% on a cumulative basis. Changes will be made quarterly after the close of business on the third Friday of March, June, September and December. The data for these changes will be taken from the close of business on the third Wednesday of the month prior to the review month.

If a corporate action is applied to a constituent which involves a change in the number of shares in issue, the change in shares will be applied simultaneously with the corporate action. If accumulated changes in the number of shares in issue add up to 10% or more or when an accumulated share change represents \$2 billion of a company's total market capitalization, they are implemented between quarters. If an adjustment is made, it will be applied for the first time at the next review in March of the following year. All adjustments are made before the start of the index calculation on the day concerned, unless market conditions prevent this.

**Shares in Issue Increase** — When a company increases the number of shares it has in issue, the market capitalization of that company increases and the total market capitalization will rise accordingly. The index divisor is adjusted to maintain a constant index value.

**Weighting Amendments** — The market capitalization of a company is adjusted to take account of various corporate actions. To prevent the value of the UKX from changing due to such an event, all corporate actions which affect the market capitalization of the UKX require an offsetting divisor adjustment. By adjusting the divisor, the value of the UKX remains constant before and after the event. Below is a summary of the more frequent corporate actions and their resulting adjustment.

Type of Corporate Action	Adjustment	Adjustment to Divisor
Issue of new shares	Share weighting increased	Yes
Share repurchase	Share weighting decreased	Yes
Bonus issue of same stock or stock split	Number of shares held before issue or split divided by number of shares held after issue or split	No

Rights Issues/Entitlement Offers -These are an entitlement or right to buy additional shares directly from the company in proportion to existing holdings. FTSE will only adjust the index to account for a right if the subscription price of the right is at a discount to the market price of the stock. Provided FTSE has been alerted to the rights offer prior to the ex-date, a price adjustment and share increase proportionate to the terms of the offer will be implemented before the open on the ex-date. The rights become attached to the shares on the ex-date.

Where the rights issue/entitlement offer subscription price remains unconfirmed on the ex-date, FTSE will estimate the subscription price using the value being raised and the offer terms. If the rights issue is greater than ten to one, FTSE will consider this “highly dilutive” and, to facilitate replication, will include on the ex-date a separate temporary line to reflect the market value of the rights (together with a temporary line at subscription cash) until the end of the subscription period, at which point the temporary lines will be deleted and the new shares will be consolidated into the existing share line.

Where the shares being issued are not entitled to the next dividend, FTSE will deviate from the standard index treatment and include on the ex-date a separate temporary line to reflect the market value of the rights (together with a temporary line at a fixed value to reflect the subscription cash). If the dividend ex-date occurs prior to the end of the rights subscription period, the temporary lines will be deleted and the new shares assimilated into the ordinary line at the open on the dividend ex-date. If the dividend ex-date occurs after the expiration of the rights subscription period, the temporary rights and cash line will be deleted after the close on the last day of the rights subscription period, and replaced by a temporary dummy line equal to the ordinary line close price minus the upcoming dividend. On the open of the ex-dividend date, the dummy line is deleted and the shares are aggregated with the ordinary line.

In the event the rights issue involves a non-constituent (including non-equity) and the value of the right cannot be determined, there will be no adjustment on the ex-date. If the rights are scheduled to trade, a rights line will be added to the index at a value of zero on the ex-date and will be deleted from the index at the market price when it commences trading, with the provision of appropriate notice. No cash temporary line will be included as the index will not subscribe to the rights.

Where a company announces an open offer or a rights issue with an ex-entitlement date on the same day, FTSE will apply an index adjustment either before the market-open on the ex-entitlement day or as an intra-day adjustment as soon as possible thereafter. The adjustment will be applied based on the previous day’s closing price with the new shares included in the index weighting at the open offer price.

In the case of an accelerated rights offer, where the ex-date is theoretical and typically not quoted by the exchange, shares are increased and a price adjustment is applied according to the terms of the offer before the open on the day the security resumes trading.

#### Market Disruption

If there is a system problem or situation in the market that is judged by FTSE to affect the quality of the constituent prices at any time when an index is being calculated, the index will be declared indicative (e.g. normally where a “fast market” exists in the equity market). The message “IND” will be displayed against the index value calculated by FTSE. The Committee must be satisfied that an accurate and reliable price for the purposes of determining the market value of a company exists. The Committee may exclude a security from the UKX should it consider that an “accurate and reliable” price is not available.

If any event leads to an error in the index value of the UKX that is greater than three basis points at the local country index level, then the UKX will generally be recalculated, subject to discovery, within one month of the event. Where an alternative approach is available, FTSE may, at its sole discretion, choose not to recalculate.



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### Historical High, Low and Closing Levels of the Basket Component

The level of the basket component has fluctuated in the past and may, in the future, experience significant fluctuations. Any historical upward or downward trend in the level of the basket component during any period shown below is not an indication that the basket component is more or less likely to increase or decrease at any time during the life of your notes.

The following table sets forth the quarterly high and low closing levels for the basket component, based on the daily closing level as reported by Bloomberg without independent verification. The level of the basket component on November 3, 2017 was 7,560.35. Past performance of the basket component is not indicative of the future performance of the basket component.

Quarter Begin	Quarter End	Quarterly High	Quarterly Low	Quarterly Close
1/3/2011	3/31/2011	6,091.33	5,598.23	5,908.76
4/1/2011	6/30/2011	6,082.88	5,674.38	5,945.71
7/1/2011	9/30/2011	6,054.55	5,007.16	5,128.48
10/3/2011	12/30/2011	5,713.82	4,944.44	5,572.28
1/3/2012	3/30/2012	5,965.58	5,612.26	5,768.45
4/2/2012	6/29/2012	5,874.89	5,260.19	5,571.15
7/2/2012	9/28/2012	5,915.55	5,498.32	5,742.07
10/1/2012	12/31/2012	5,961.59	5,605.59	5,897.81
1/2/2013	3/28/2013	6,529.41	6,027.37	6,411.74
4/1/2013	6/28/2013	6,840.27	6,029.10	6,215.47
7/1/2013	9/30/2013	6,681.98	6,229.87	6,462.22
10/1/2013	12/31/2013	6,777.70	6,337.91	6,749.09
1/2/2014	3/31/2014	6,865.86	6,449.27	6,598.37
4/1/2014	6/30/2014	6,878.49	6,541.61	6,743.94
7/1/2014	9/30/2014	6,877.97	6,567.36	6,622.72
10/1/2014	12/31/2014	6,750.76	6,182.72	6,566.09
1/2/2015	3/31/2015	7,037.67	6,366.51	6,773.04
4/1/2015	6/30/2015	7,103.98	6,520.98	6,520.98
7/1/2015	9/30/2015	6,796.45	5,898.87	6,061.61
10/1/2015	12/31/2015	6,444.08	5,874.06	6,242.32
1/4/2016	3/31/2016	6,203.17	5,536.97	6,174.90
4/1/2016	6/30/2016	6,504.33	5,923.53	6,504.33
7/1/2016	9/30/2016	6,941.19	6,463.59	6,899.33
10/3/2016	12/30/2016	7,142.83	6,693.26	7,142.83
1/3/2017	3/31/2017	7,429.81	7,099.15	7,322.92
4/3/2017	6/30/2017	7,547.63	7,114.36	7,312.72
7/3/2017	9/29/2017	7,542.73	7,215.47	7,372.76
10/2/2017*	11/3/2017*	7,560.35	7,438.84	7,560.35

\* As of the date of this pricing supplement, available information for the fourth calendar quarter of 2017 includes data for the period from October 2, 2017 through November 3, 2017. Accordingly, the "Quarterly High," "Quarterly Low" and "Quarterly Close" data indicated are for this shortened period only and do not reflect complete data for the fourth calendar quarter of 2017.

The graph below illustrates the performance of the basket component from October 31, 2007 through November 3, 2017, based on information from Bloomberg. Past performance of the basket component is not indicative of the future performance of the basket component.

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## The TOPIX Index® (“TPX”)

TPX, also known as the Tokyo Price Index, is a capitalization weighted index of all the domestic common stocks listed on the First Section of the Tokyo Stock Exchange, Inc., which we refer to as the TSE. Domestic stocks admitted to the TSE are assigned either to the TSE First Section Index, the TSE Second Section Index or the TSE Mothers Index. Stocks listed in the First Section, which number approximately 1,700, are among the most actively traded stocks on the TSE. TPX is supplemented by the sub-basket components of the 33 industry sectors and was developed with a base index value of 100 as of January 4, 1968. TPX is calculated and published by TSE. Additional information about TPX is available on the following website: [jpx.co.jp/english/markets/indices/topix](http://jpx.co.jp/english/markets/indices/topix). We are not incorporating by reference the website or any material it includes in this pricing supplement.

## TPX

## Basket Component Stock Weighting by Sector as of October 31, 2017

Sector:	Percentage (%)
Air Transportation	0.59%
Banks	7.43%
Chemicals	7.15%
Construction	3.35%
Electric Appliances	13.84%
Electric Power and Gas	1.64%
Fishery, Agriculture and Forestry	0.11%
Foods	4.48%
Glass and Ceramics Products	1.01%
Information & Communication	7.65%
Insurance	2.25%
Iron and Steel	1.16%
Land Transportation	3.98%
Machinery	5.55%
Marine Transportation	0.23%
Metal Products	0.71%
Mining	0.30%
Nonferrous Metals	1.02%
Oil and Coal Products	0.58%
Other Financing Business	1.24%
Other Products	2.19%
Pharmaceutical	4.47%
Precision Instruments	1.59%
Pulp and Paper	0.27%
Real Estate	2.32%
Retail Trade	4.50%
Rubber Products	1.03%
Securities and Commodities Futures	0.98%

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Services	4.21%
Textiles and Apparels	0.72%
Transportation Equipment	8.82%
Warehousing and Harbor Transportation Service	0.20%
Wholesale Trade	4.43%

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\* Sector designations are determined by the basket component sponsor using criteria it has selected or developed. Index sponsors may use very different standards for determining sector designations. In addition, many companies operate in a number of sectors, but are listed in only one sector and the basis on which that sector is selected may also differ. As a result, sector comparisons between indices with different index sponsors may reflect differences in methodology as well as actual differences in the sector composition of the indices.

\*\* Information provided by TSE. Percentages may not sum to 100% due to rounding.

#### TPX Composition and Maintenance

TPX is comprised of all domestic common stocks listed on the TSE First Section, excluding certain types of securities such as subscription warrant securities and preferred equity contribution securities. Companies scheduled to be delisted or newly listed companies that are still in the waiting period are excluded from the indices. TPX has no constituent review. The number of constituents will change according to new listings and delistings. The reasons for stock additions and deletions to the TSE First Section are described further below.

#### TPX Calculation

TPX is a free-float-adjusted market-capitalization-weighted index, which reflects movements in the market capitalization as measured from a base index value of 100 set on the base date of January 4, 1968.

TSE calculates TPX by multiplying the base index value of 100 by the quotient of the current free-float-adjusted market value divided by the base market value. The resulting value is not expressed in Japanese yen but presented as a number of points, rounded to the nearest one hundredth. The formula for calculating TPX value can be expressed as follows:

$$\text{Index value} = \text{Base index value of 100} \times \frac{\text{Current free-float - adjusted market value}}{\text{Base market value}}$$

The current free-float-adjusted market value is the sum of the products of the price times the number of free-float-adjusted shares for each constituent stock.

The number of free-float-adjusted shares for this calculation is the total number of listed shares multiplied by free-float weight. The total number of listed shares used for this purpose is usually the same as the number of actual listed shares. However, in some cases these numbers will differ as a consequence of the index methodology. For instance, in the case of a stock split, the number of listed shares will increase on the additional listing date after the stock split becomes effective; on the other hand, the number of listed shares for index calculation purposes will increase on the ex- rights date.

Free-float weight is the weight of listed shares deemed to be available for trading in the market, and is determined and calculated by the TSE for each constituent stock. It is calculated by subtracting the quotient of non-free-float shares divided by listed shares from one. Free-float weight is reviewed once a year in order to reflect the latest distribution of share ownership. The TSE estimates non-free-float shares using publicly available documents, and generally deems shares held by the top ten major shareholders (with certain exceptions), treasury stocks and shares held by members of the issuer's board of directors to be unavailable for trading in the market. The TSE may deem other shares to be unavailable for trading in the market. The timing of the yearly free-float-weight review is different according to the settlement terms of listed companies. In addition to the yearly review, extraordinary reviews may be conducted for events TSE expects will significantly affect the free-float weight. These include when new shares are allocated to a third party, preferred shares are converted or subscription warrants are exercised, as well as in the event of a company spin-off, merger, stock-swap, take-over bid and other events TSE judges deem will significantly affect free-float weight.

In the event of any increase or decrease in the current free-float-adjusted market value due to causes other than fluctuations in the stock market, such as public offerings or changes in the number of listed companies in the TSE First Section,

adjustments are made by TSE to the base market value in order to maintain the continuity of TPX. The base market value will be adjusted after the end of the trading session on the adjustment date.

Additions and Deletions to the TSE First Section (and therefore, TPX)

TSE adds or removes securities for various listing and delisting events as shown in the table below.

#### Additions and Deletions of Constituents

	Event	Adjustment Date	Stock Price Used for Adjustment
Addition	A company is to be newly listed on the TSE First Section (directly listed or via another stock exchange)	Last business day of the month after such listing	Stock price at the end of trading on the business day before adjustment date
Addition	New listing of a newly formed company resulting from a corporate consolidation, acquisition, merger or split (personnel split) that results in a TPX or Ex-TPX constituent being delisted and the new company being included in TPX.	New listing date. If the initial listing date falls on a holiday, it will be the following business day	Base price
Addition	Assignment to the TSE First Section from the TSE Second Section, Tokyo Stock Exchange Mothers Index or JASDAQ Index.	Last business day of the month after such assignment (a free float weight of 0.00 is used from the assignment date to the month after the assignment date and thus the number of shares to be used for calculation will be 0.00 during such period)	Stock price at the end of trading on the business day before adjustment date
Deletion	New listing of a newly formed company resulting from a corporate consolidation, acquisition, merger or split (personnel split) that results in a TPX or Ex-TPX constituent being delisted and the new company being included in TPX.	Listing date of the newly formed company (normally three business days following delisting date)	Stock price at the end of trading on the business day before delisting date. The stock price at the end of trading on the business day before the delisting date is used to calculate TPX for the period from the delisting date to the removal date
Deletion	A constituent is to be delisted due to a reason other than as described in the preceding scenario	Delisting date	Stock price at the end of trading on the business day before adjustment date

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Deletion	A constituent's securities are designated to be delisted	Four business days after designation. If the designation date falls on a holiday, it will be the next business day	Stock price at the end of trading on the business day before adjustment date
Deletion	Assignment to the TSE Second Section or JASDAQ from the TSE First Section	Date of change	Stock price at the end of trading on the business day before adjustment date

The adjusted base market value will equal the old base market value multiplied by the quotient of the free-float-adjusted market value on the business day before the adjustment date plus or minus, as applicable, the adjustment amount divided by the free-float-adjusted market value on the business day before the adjustment date.

The adjustment amount for the foregoing calculation will be an amount equal to the product of the change (the absolute value of the increase or decrease) in the number of shares used for index calculations times the price of the shares used for adjustment.

Changes in the number of shares and the price of the shares for adjustments to the base market value will be made as described in the table below.

Change in the Number of Shares

Event	Adjustment Date	Stock Price Used for Adjustment
Change of free-float weight	Date of change	Stock price at the end of trading on the business day before adjustment date
Public offering	Additional listing date (day after payment date). If listing date falls on a holiday, it will be the next business day	