

BANK OF NOVA SCOTIA /  
Form 424B5  
September 04, 2014

The information in this Preliminary Pricing Supplement is not complete and may be changed. We may not sell these Notes until the Pricing Supplement is delivered in final form. We are not selling these Notes, nor are we soliciting offers to buy these Notes, in any State where such offer or sale is not permitted.

PRELIMINARY PRICING SUPPLEMENT **Filed Pursuant to Rule 424(b)(5)**  
Subject to Completion **Registration No. 333-185049**

Dated September 4, 2014

Pricing Supplement dated 1, 2014 to the

Prospectus dated August 1, 2013

Prospectus Supplement dated August 8, 2013 and Product Prospectus Supplement (Rate Linked Notes, Series A) dated August 8, 2013.

## **The Bank of Nova Scotia**

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### **Callable Steepener Notes, Series A**

#### **Due**

- 100% repayment of principal at maturity, subject to the credit risk of the Bank
- Quarterly interest payments
- 20-year stated term
- Fixed 11.00% per annum Interest Rate for the first year, variable per annum Interest Rate thereafter linked to (a) 4 *times* (b) the amount equal to (i) the 30yr CMS *minus* (ii) the 2yr CMS *minus* (iii) 0.50%, subject to a Maximum Interest Rate of 11.00% per annum
- Callable by the Bank quarterly on or after the first anniversary of issuance

The Callable Steepener Rate Notes, Series A due 1 (the "Notes") offered hereunder are unsecured obligations of The Bank of Nova Scotia and are subject to investment risks including possible loss of the Principal Amount invested due to 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 Notes are redeemable at our option, in whole, but not in part, on each stated Call Payment Date, from and including the First Call Date, upon notice by us to DTC on or before the corresponding Call Notice Date, at an amount that will equal the Principal Amount of your Notes plus the Interest Payment applicable to such Call Payment Date. If the Notes are called prior to the Maturity Date, you will be entitled to receive only the Principal Amount of the Notes and any accrued and unpaid Interest Payment in respect of Interest Payment Dates occurring on or before the Call Payment Date. In this case, you will lose the opportunity to continue to be paid Interest Payments in respect of Interest

Payment Dates occurring after the Call Payment Date.

**NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NOTES OR PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS DOCUMENT, THE ACCOMPANYING PROSPECTUS, PROSPECTUS SUPPLEMENT OR PRODUCT PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE NOTES ARE NOT INSURED BY THE CANADA DEPOSIT INSURANCE CORPORATION PURSUANT TO THE CANADA DEPOSIT INSURANCE CORPORATION ACT, THE UNITED STATES FEDERAL DEPOSIT INSURANCE CORPORATION, OR ANY OTHER GOVERNMENTAL AGENCY OF CANADA, THE UNITED STATES OR ANY OTHER JURISDICTION.**

Scotia Capital (USA) Inc., our affiliate, will purchase the Notes from us for distribution to other registered broker-dealers or will offer the Notes directly to investors. Scotia Capital (USA) Inc. or any of its affiliates or agents may use the final pricing supplement to which this preliminary pricing supplement relates in market-making transactions in the Notes after their initial sale. Unless we, Scotia Capital (USA) Inc. or another of its affiliates or agents selling such Notes to you informs you otherwise in the confirmation of sale, the final pricing supplement to which this pricing supplement relates is being used in a market-making transaction. See “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement and “Supplemental Plan of Distribution” on page PS-32 of the accompanying product prospectus supplement.

Investment in the Notes involves certain risks. You should refer to “Additional Risk Factors” in this pricing supplement and “Additional Risk Factors Specific to the Notes” beginning on page PS-5 of the accompanying product prospectus supplement and “Risk Factors” beginning on page S-2 of the accompanying prospectus supplement and page 5 of the accompanying prospectus.

	Per Note Total
Price to public	100.00% \$1
Underwriting commissions <sup>1</sup>	Variable Variable
Proceeds to Bank of Nova Scotia <sup>2</sup>	Variable Variable

The difference between the estimated value<sup>3</sup> of your Notes and the original issue price reflects costs that the Bank or its affiliates expect to incur and profits that the Bank or its affiliates expect to realize in connection with hedging activities related to the Notes. These costs and profits will likely reduce the secondary market price, if any secondary market develops, for the Notes. As a result, you may experience an immediate and substantial decline in the market value of your Notes on the Trade Date and you may lose all or a substantial portion of your initial investment. The Bank’s profit in relation to the Notes will vary based on the difference between (i) the amounts received by the Bank in connection with the issuance and the reinvestment return received by the Bank in connection with those funds and (ii) the costs incurred by the Bank in connection with the issuance of the Notes and the hedging transactions. The Bank’s affiliates may also realize a profit that will be based on the (i) payments received on the hedging transactions minus (ii) the cost of creating and maintaining the hedging transactions.

We will deliver the Notes in book-entry form through the facilities of The Depository Trust Company (“DTC”) on or about September 29, 2014 against payment in immediately available funds.

**Scotia Capital (USA) Inc.**

<sup>1</sup> Scotia Capital (USA) Inc. or one of our affiliates will purchase the Notes at the Principal Amount and as part of the distribution, if the Notes priced today, would pay varying discounts and underwriting commissions of up to \$43.50 (4.35%) per \$1,000 Principal Amount of the Notes in connection with the distribution of the Notes. The actual discounts and underwriting commissions that Scotia Capital (USA) Inc. or one of our affiliates will pay may be more or less than 4.35% and will depend on market conditions. Certain accounts may pay a purchase price of at least \$940.00 (94.00%) per \$1,000 Principal Amount of the Notes and third party distributors involved in such transactions may charge a discretionary fee with respect to such sales. In no event will Scotia Capital (USA) Inc. or one of our affiliates pay varying discounts and underwriting commissions in excess of \$60.00 (6.00%) per \$1,000 Principal Amount of the Notes in connection with the distribution of the Notes. Scotia Capital (USA) Inc. may separately receive a structuring and development fee of up to \$0.50 (0.05%) per \$1,000 Principal Amount of the Notes. See “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement.

<sup>2</sup> Excludes potential profits from hedging. For additional considerations relating to hedging activities see “Additional Risk Factors - The Inclusion of Dealer Spread and Projected Profit from Hedging in the Original Issue Price is Likely to Adversely Affect Secondary Market Prices” in this pricing supplement.

<sup>3</sup> **The estimated value of the Notes on the Trade Date as determined by a third-party hedge provider is approximately \$1 (1%) per \$1,000 Principal Amount of the Notes, which is less than the original issue price.** See “The Bank’s Estimated Value of the Notes” in this pricing supplement for additional information.

SUMMARY

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

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

**Type of Note:** Callable Steepener Rate Notes, Series A

**CUSIP/ISIN:** CUSIP 064159FT8 / ISIN US064159FT80

**Minimum Investment:** \$1,000

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

**Principal Amount:** \$1,000 per Note

**Currency:** U.S. Dollars

**Trade Date:** Expected to be September 24, 2014

**Pricing Date:** Expected to be September 24, 2014

**Original Issue Date:** Expected to be September 29, 2014 (to be determined on Trade Date and expected to be the 3rd scheduled Business Day after Trade Date)

**Maturity Date:** Expected to be September 29, 2034, subject to adjustment as described in more detail in the accompanying product prospectus supplement

**Business Day:** Any day which is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law, regulation or executive order to close in New York and Toronto.  
With respect to each Interest Payment Date, for each \$1,000 Principal Amount of Notes, the Interest Payment will be calculated as  $\$1,000 \times 1/4 \times \text{Interest Rate}$ .

**Interest Payment:** Each Interest Payment is paid quarterly and is calculated on a 30/360 unadjusted basis; (i) “30/360” means that Interest Payment is calculated on the basis of twelve 30-day months and (ii) “unadjusted” means that if a scheduled Interest Payment Date is not a Business Day, the Interest Payment period will not be adjusted, the Interest Payment will be paid on the first following day that is a Business Day with full force and effect as if made on such scheduled Interest Payment Date, and no interest on such postponed payment will accrue during the period from and after the scheduled Interest Payment Date. As a result, each Interest Payment period will consist of 90 days (three 30-day months) and Interest Payments will accrue based on 90 days of a 360-day year. See “Payment at Maturity” and “Interest” on page P-6 of this pricing supplement.  
From and including the Original Issue Date to but excluding September 29, 2015 (the “Fixed Interest Rate Period”):

**Interest Rate:** The Fixed Interest Rate

From and including September 29, 2015 to but excluding the earlier of the Maturity Date or the Call Date (the “Floating Interest Rate Period”):

	The Floating Interest Rate
<b>Fixed Interest Rate:</b>	11.00% per annum
	For each Interest Period during the Floating Interest Rate Period, a variable rate per annum equal to:
<b>Floating Interest Rate:</b>	Leverage Factor x (CMS Reference Index - Spread)
	subject to the Minimum Interest Rate and the Maximum Interest Rate. The 30-Year Constant Maturity Swap Rate (which we refer to as “30CMS”) <i>minus</i> the 2-Year Constant Maturity Swap Rate (which we refer to as “2CMS”), expressed as a percentage and calculated as of the CMS Reference Index Determination Date for such any Interest Period during the Floating Interest Rate Period.
<b>CMS Reference Index:</b>	30CMS is, on any day, the fixed rate of interest payable on an interest rate swap with a 30-year maturity as reported on Reuters Page ISDAFIX1 or any successor page thereto at 11:00 a.m. New York City time on that day; provided that for the determination of 30CMS on any calendar day, the “CMS reference determination date” shall be that calendar day unless that calendar day is not a U.S. Government Securities Business Day, in which case the 30CMS level shall be the 30CMS level on the immediately preceding U.S. Government Securities Business Day.
	2CMS is, on any day, the fixed rate of interest payable on an interest rate swap with a 2-Year maturity as reported on Reuters Page ISDAFIX1 or any successor page thereto at 11:00 a.m. New York City time on that day; provided that for the determination of 2CMS on any calendar day, the “CMS reference determination date” shall be that calendar day unless that calendar day is not a U.S. Government Securities Business Day, in which case the 2CMS level shall be the 2CMS level on the immediately preceding U.S. Government Securities Business Day.
<b>Spread:</b>	0.50%
<b>Leverage Factor:</b>	4
<b>Minimum Interest Rate:</b>	0.00% per annum
<b>Maximum Interest Rate:</b>	11.00% per annum
<b>CMS Reference Index Determination Date:</b>	Two (2) U.S. Government Securities Business Days prior to the related Interest Reset Date.
<b>Interest Reset Dates:</b>	For each Interest Period, the Interest Payment Date constituting the start of such Interest Period (or with respect to the first Interest Period, the Original Issue Date).
<b>U.S. Government Securities Business Day:</b>	Any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.
<b>Interest Period:</b>	For each Interest Payment Date, the quarterly period from, and including, the previous Interest Payment Date (or the Original Issue Date in the case of the first Interest Payment Date) to, but

excluding, the applicable Interest Payment Date.

The 29th calendar day of each March, June, September and December, commencing on December 29, 2014 and ending on the Maturity Date.

**Interest  
Payment**

**Dates:** If these days are not Business Days, Interest Payments will actually be paid on the dates determined as described below.

**Day Count  
Fraction:**

30/360, unadjusted, Following Business Day Convention

**First Call  
Date:**

September 29, 2015

The Notes are redeemable at our option, in whole, but not in part, on each stated Call Payment Date, from and including the First Call Date, upon notice by us to DTC on or before the corresponding Call Notice Date, at an amount that will equal the Principal Amount of your Notes plus the Interest Payment applicable to such Interest Payment Date. If the Notes are called prior to the Maturity Date (such date, the "Call Date"), you will be entitled to receive only the Principal Amount of the Notes and any accrued and unpaid Interest Payment in respect of Interest Payment Dates occurring on or before the Call Payment Date. In this case, you will lose the opportunity to continue to be paid Interest Payments in respect of Interest Payment Dates ending after the Call Payment Date.

**Call  
Provision:**

**Call Notice  
Date:**

10 Business Days prior to the corresponding Call Payment Date.

**Call  
Payment  
Date:**

The 29th calendar day of each March, June, September, and December, commencing on the First Call Date, provided that if any such day is not a Business Day, the Call Payment Date will be the next succeeding Business Day.

**CMS Rate  
Fallback  
Provisions:**

If 30CMS or 2CMS is not displayed by 11:00 a.m. New York City time on the Reuters Screen ISDAFIX1 Page on any day on which the level of the CMS Reference Index must be determined, such affected rate for such day will be determined on the basis of the mid-market semi-annual swap rate quotations to the Calculation Agent provided by five leading swap dealers in the New York City interbank market (the "Reference Banks") at approximately 11:00 a.m., New York City time, on such day, and, for this purpose, the mid-market semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with a term equal to the applicable 30 year or 2 year maturity commencing on such day and in a representative amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an actual/360 day count basis, is equivalent to ICE LIBOR USD with a designated maturity of three months. The Calculation Agent will request the principal New York City office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If fewer than three quotations are provided as requested, the rate will be determined by the Calculation Agent in good faith and in a commercially reasonable manner.

**Form of  
Notes:**

Book-entry

**Calculation  
Agent:**

Scotia Capital Inc., an affiliate of the Bank

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**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 equal to the Principal Amount thereof together with accrued and unpaid interest to the date fixed for redemption, if it is determined that changes in tax laws or their interpretation will result in the Bank (or its successor) becoming obligated to pay, on the next Interest Payment Date, additional amounts with respect to the Notes. See “Tax Redemption” in this pricing supplement.

**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

**Terms Incorporated:** All of the terms appearing under the caption “General Terms of the Notes” beginning on page PS-10 in the accompanying product prospectus supplement, as modified by this pricing supplement.

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## ADDITIONAL TERMS OF YOUR NOTES

You should read this pricing supplement together with the prospectus dated August 1, 2013, as supplemented by the prospectus supplement dated August 8, 2013 and the product prospectus supplement (Rate Linked Notes, Series A) dated August 8, 2013, 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, prospectus supplement, and product prospectus supplement in several important ways. You should read this pricing supplement, including the documents incorporated herein, carefully.*

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

<http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000009631>):

Prospectus dated August 1, 2013:

[http://www.sec.gov/Archives/edgar/data/9631/000089109213006699/e54840\\_424b3.htm](http://www.sec.gov/Archives/edgar/data/9631/000089109213006699/e54840_424b3.htm)

Prospectus Supplement dated August 8, 2013:

[http://www.sec.gov/Archives/edgar/data/9631/000089109213006938/e54968\\_424b3.htm](http://www.sec.gov/Archives/edgar/data/9631/000089109213006938/e54968_424b3.htm)

Product Prospectus Supplement (Rate Linked Notes, Series A), dated August 8, 2013:

[http://www.sec.gov/Archives/edgar/data/9631/000089109213006942/e54970\\_424b5.htm](http://www.sec.gov/Archives/edgar/data/9631/000089109213006942/e54970_424b5.htm)

**The Bank of Nova Scotia has filed a registration statement (including a prospectus, a prospectus supplement, and a product prospectus supplement) with the SEC for the offering to which this pricing supplement**



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

## **PAYMENT AT MATURITY**

If the Notes have not been called by us, as described elsewhere in this pricing supplement, we will pay you the Principal Amount of your Notes on the Maturity Date, plus the final interest payment.