

BANK OF NOVA SCOTIA
 Form FWP
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Market Linked Securities – Leveraged Upside Participation to a Cap and Fixed Percentage Buffered Downside, Principal at Risk Securities, Series A Linked to the Russell 2000® Index due April 5, 2021

Term Sheet to the Preliminary Pricing Supplement dated March 7, 2017

Summary of Terms

Issuer	The Bank of Nova Scotia (the Bank)
Term	Approximately 4 years
Market Measure	Russell 2000® Index (RTY) (the Index)
Pricing Date	Expected to be March 31, 2017
Issue Date	Expected to be April 5, 2017
Principal Amount	\$1,000 per Security
Original Offering Price	100% of the Principal Amount of each Security
Redemption Amount at Maturity	See How the Redemption Amount at Maturity is Calculated on page 3
Stated Maturity Date	April 5, 2021
Starting Level	The closing level of the Index on the Pricing Date
Ending Level	The closing level of the Index on the Calculation Day
Capped Value	[\$1,360.00-\$1,410.00] per \$1,000 Principal Amount of the Securities (the actual amount to be set on the Pricing Date)
Threshold Level	To be determined on the Pricing Date (equal to the Starting Level multiplied by the difference of 100% minus the Threshold Percentage)
Threshold Percentage	15.00%
Participation Rate	130.00%
Percentage Change	The percentage increase or decrease in the Ending Level from the Starting Level. The Percentage Change may reflect a positive return (based on any increase in the level of the Index over the life of the Securities) or a negative return (based on any decrease in the level of the Index over the life of the

Investment Description

- Linked to the Russell 2000® Index
- Unlike ordinary debt securities, the Securities do not pay interest or repay a fixed amount of principal at maturity. Instead, the Securities provide for a payment at maturity that may be greater than, equal to or less than the Principal Amount of the Securities, depending on the performance of the Index from its Starting Level to its Ending Level.

The payment at maturity will reflect the following terms:

o **If the value of the Index increases:**

You will receive the Principal Amount plus 130.00% participation in the upside performance of the Index, subject to the Capped Value of [\$1,360.00-\$1,410.00] per \$1,000 Principal Amount of the Securities;

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Calculation Day	Securities).	o	If the value of the Index decreases but the decrease is not more than 15.00%:
Calculation Agent	March 26, 2021		
Denominations	Scotia Capital Inc., an affiliate of the issuer		
Agent Discount	\$1,000 and any integral multiple of \$1,000		
	Up to 4.00% of which dealers, including those using the trade name Wells Fargo Advisors (WFA), may receive a selling concession of up to 2.25%, and WFA will receive a distribution expense fee of 0.075%	You will be repaid the Principal Amount;	
CUSIP/ISIN	064159JH0/US064159JH07		
Underwriters	Scotia Capital (USA) Inc.; Wells Fargo Securities, LLC	o	If the value of the Index decreases by more than 15.00%:
			You will receive less than the Principal Amount and will have 1-to-1 downside exposure to the decrease in the value of the Index in excess of 15.00%.
		•	Investors may lose up to 85.00% of the Principal Amount.
		•	All payments on the Securities are subject to the credit risk of The Bank of Nova Scotia, and you will have no right to any securities tracked by the Index; if The Bank of Nova Scotia defaults on its obligations, you could lose some or all of your investment.
		•	No periodic interest payments or dividends.
		•	No exchange listing; designed to be held to maturity.

If the Securities priced today, the estimated value of the Securities would be between \$915.81 (91.581%) and \$946.00 (94.600%) per \$1,000 Principal Amount. See The Bank's Estimated Value of the Securities in the pricing supplement.

The Securities have complex features and investing in the Securities involves risks not associated with an investment in conventional debt securities. See Selected Risk Considerations in this term sheet, Additional Risks in the pricing supplement, Additional Risk Factors Specific to the Notes in the product prospectus supplement and Risk Factors in the prospectus supplement and prospectus.

This introductory term sheet does not provide all the information that an investor should consider prior to making an investment decision. This term sheet should be read in conjunction with the pricing supplement, product prospectus supplement, prospectus supplement, and prospectus.

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Hypothetical Payout Profile

The profile to the right is based on a Capped Value of \$1,385 per \$1,000 Principal Amount of the Securities, a Participation Rate of 130.00% and a Threshold Percentage of 15.00% (the Threshold Level equal to 85.00% of the Starting Level).

This graph has been prepared for purposes of illustration only. Your actual return will depend on the actual Capped Value and Ending Level and whether you hold your Securities to maturity.

Hypothetical Returns on the Securities

Hypothetical Ending Level	Hypothetical Percentage Change from the hypothetical Starting Level to the hypothetical Ending Level	Hypothetical Redemption Amount at Maturity per Security	Hypothetical pre-tax total rate of return	Hypothetical pre-tax annualized rate of return(1)
2,827.270	100.00%	\$1,385.00	38.50%	8.30%
2,120.453	50.00%	\$1,385.00	38.50%	8.30%
1,837.726	30.00%	\$1,385.00	38.50%	8.30%
1,696.362	20.00%	\$1,260.00	26.00%	5.86%
1,554.999	10.00%	\$1,130.00	13.00%	3.08%
1,484.317	5.00%	\$1,065.00	6.50%	1.58%
1,413.635(2)	0.00%	\$1,000.00	0.00%	0.00%
1,342.953	-5.00%	\$1,000.00	0.00%	0.00%
1,272.272	-10.00%	\$1,000.00	0.00%	0.00%
1,201.590	-15.00%	\$1,000.00	0.00%	0.00%
1,187.453	-16.00%	\$990.00	-1.00%	-0.25%
1,116.772	-21.00%	\$940.00	-6.00%	-1.54%
1,060.226	-25.00%	\$900.00	-10.00%	-2.61%
706.818	-50.00%	\$650.00	-35.00%	-10.48%
353.409	-75.00%	\$400.00	-60.00%	-21.63%
0.000	-100.00%	\$150.00	-85.00%	-42.20%

Each Security has a Principal Amount of \$1,000.

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(1) The annualized rates of return are calculated on a semi-annual bond equivalent basis with compounding.

(2) The hypothetical Starting Level (the closing level of the Index on March 1, 2017.)

The above figures are for purposes of illustration only and may have been rounded for ease of analysis. The actual amount you receive at stated maturity and the resulting pre-tax rates of return will depend on the actual Ending Level and Capped Value.

How the Redemption Amount at Maturity is Calculated

The Redemption Amount at Maturity will be determined as follows:

- If the Ending Level is greater than the Starting Level, then the Redemption Amount at Maturity will equal the lesser of:

(a) the Principal Amount + (Principal Amount x Participation Rate x Percentage Change) and (b) the Capped Value

- If the Ending Level is less than or equal to the Starting Level, but greater than or equal to the Threshold Level, the Redemption Amount at Maturity will be equal to \$1,000

- If the Ending Level is less than the Threshold Level, the Redemption Amount at Maturity will be equal to:

Principal Amount + [Principal Amount × (Percentage Change + Threshold Percentage)]

If the Ending Level is less than the Threshold Level, you will receive less, and possibly 85.00% less, than the Principal Amount of your Securities at maturity.

Russell 2000® Index Daily Closing Levels*

*The graph above sets forth the daily closing levels of the Index for the period from January 3, 2005 through March 1, 2017. The closing level on March 1, 2017 was 1,413.635. The historical performance of the Index is not an indication of the future performance of the Index during the term of the Securities.

Selected Risk Considerations

The risks set forth below are discussed in detail in **Additional Risks** in the pricing supplement, **Additional Risk Factors Specific to the Notes** in the product prospectus supplement and **Risk Factors** in the prospectus supplement and prospectus. Please review those risk disclosures carefully.

- The inclusion of dealer spread and projected profit from hedging in the original offering price is likely to adversely affect secondary market prices.
- **Risk of Loss at Maturity:** Any payment on the Securities at maturity depends on the Percentage Change of the Index. The Bank will only repay you the full principal amount of your Securities if the

Percentage Change is equal to or greater than -15.00%. If the Percentage Change is less than -15.00%, meaning the percentage decline from the Starting Level to the Ending Level is greater than the 15.00% Threshold Percentage, you will receive less than the your initial investment and will have a 1-to-1 downside exposure to the decrease in the value of the Index in excess of 15.00%. Accordingly, you may lose up to 85.00% of your investment in the Securities if the percentage decline from the Starting Level to the Ending Level is greater than 15.00%.

- The downside market exposure to the Index is buffered only at maturity.
- Your potential Redemption Amount at Maturity is limited by the Capped Value.

- The Bank's estimated value of the Securities will be lower than the original offering price of the Securities.
- The Bank's estimated value does not represent future values of the Securities and may differ from other's estimates.
- The Bank's estimated value is not determined by reference to credit spreads for our conventional fixed-rate debt.
- The Securities differ from conventional debt securities.
- No Interest: The Securities will not bear interest and, accordingly, you will not receive any interest payments on the Securities.
- Your investment is subject to the credit risk of The Bank of Nova Scotia.
- The Securities are subject to market risk.
- The Securities are subject to risks associated with small-size capitalization companies
- The participation rate applies only at maturity.
- The Redemption Amount at Maturity is not linked to the level of the Index at any time other than the Calculation Day.
- If the levels of the Index or the Index constituent stocks change, the market value of your Securities may not change in the same manner.
- Holding the Securities is not the same as holding the Index constituent stocks.
- There is no assurance that the investment view implicit in the Securities will be successful.
- The Index reflects price return only and not total return.
- Past performance is not indicative of future performance.
- We may sell additional Securities at a different issue price.
- Changes affecting the Index could have an adverse effect on the value of the Securities.
- The Bank cannot control actions by the sponsor of the Index and the sponsor of the Index has no obligation to consider your interests.
- The price at which the Securities 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 Securities lack liquidity.

- Hedging activities by the Bank may negatively impact investors in the Securities and cause our respective interests and those of our clients and counterparties to be contrary to those of investors in the Securities.
- Market activities by the Bank or the underwriters for their own respective accounts or for their respective clients could negatively impact investors in the Securities.
- The Bank, the Underwriters and their respective affiliates regularly provide services to, or otherwise have business relationships with, a broad client base, which has included and may include the issuers of the Index constituent stocks.
- Other investors in the Securities may not have the same interests as you.
- The calculation agent can postpone the Calculation Day for the Securities if a market disruption event with respect to the Index occurs.
- There is no affiliation between any Index constituent stock issuer or the sponsor of the Index and us, and neither we nor any of the underwriters is responsible for any disclosure by any of the Index constituent stock issuers or the sponsor of the Index.
- A participating dealer or its affiliates may realize hedging profits projected by its proprietary pricing models in addition to any selling concession, creating a further incentive for the participating dealer to sell the Securities to you.
- Uncertain Tax Treatment: Significant aspects of the tax treatment of the Securities are uncertain. You should consult your tax advisor about your own tax situation. See Canadian Income Tax Consequences and U.S. Federal Income Tax Consequences in the pricing supplement.

Not suitable for all investors

Investment suitability must be determined individually for each investor. The Securities described herein are not a suitable investment for all investors. In particular, no investor should purchase the Securities unless they understand and are able to bear the associated market, liquidity and yield risks. Unless market conditions and other relevant factors change significantly in your favor, a sale of the Securities prior to maturity is likely to result in sale proceeds that are substantially less than the Principal Amount per note. The underwriters and their respective affiliates are not obligated to purchase the Securities from you at any time prior to maturity.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling your financial advisor or by calling Wells Fargo Securities, LLC at 866-346-7732.

Not a research report

This material is not a product of the Bank's research department.

Consult your tax advisor

Investors should review carefully the pricing supplement and consult their tax advisors regarding the application of the U.S. federal tax laws to their particular circumstances, as well as any tax consequences arising under the laws of any state, local or foreign jurisdiction.

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TOTAL CURRENT LIABILITIES

153,290 131,436

FAIR VALUE OF BELOW MARKET TIME CHARTER

29,199 29,199

FINANCIAL INSTRUMENTS, NET OF CURRENT PORTION

10,683 (526) 10,157

LONG-TERM DEBT, NET OF CURRENT PORTION

1

331,396 (136,185) 195,211

DEFERRED GAIN ON SALE AND LEASEBACK OF VESSELS

40,941 40,941

COMMITMENTS AND CONTINGENCIES

1

STOCKHOLDERS' EQUITY

211,408 10,792 222,200

Total liabilities and stockholders' equity

\$776,917 \$(147,773) \$629,144

1

TOP SHIPS INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Expressed in thousands of U.S. Dollars - except for share and per share data)

	Note	For the year ended December 31,		
		2007 As reported	Pro forma Adjustments	2007 Proforma
REVENUES:				
Revenues	2	\$ 252,259	\$ (85,040)	\$ 167,219
EXPENSES:				
Voyage expenses	2	59,414	(23,198)	36,216
Charter hire expense	2	94,118	(7,082)	87,036
Amortization of deferred gain on sale and leaseback of vessels	2	(15,610)	1,406	(14,204)
Other vessel operating expenses	2	67,914	(13,682)	54,232
Dry-docking costs	2	25,094	(1,631)	23,463
Depreciation	2	27,408	(16,104)	11,304
General and administrative expenses	2	24,824	(118)	24,706
Foreign currency (gains) / losses, net	2	176	(51)	125
Gain on sale of vessel	3	(1,961)	-	(1,961)
Operating loss		(29,118)	(24,580)	(53,698)
OTHER INCOME (EXPENSES):				
Interest and finance costs	4	(18,318)	10,414	(7,904)
Fair value change of financial instruments	4	(4,904)	1,052	(3,852)
Interest income		3,248	-	3,248
Other, net		16	-	16
Total other expenses, net		(19,958)	11,466	(8,492)
Net Loss		\$ (49,076)	\$ (13,114)	\$ (62,190)
Loss per share, basic and diluted		\$ (4.09)	\$ (1.09)	\$ (5.19)
Weighted average common shares outstanding, basic		11,986,857	11,986,857	11,986,857
Weighted average common shares outstanding, diluted		11,986,857	11,986,857	11,986,857

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Notes to Adjustments to Pro Forma Condensed Consolidated Financial Statements (expressed in thousands of U.S. Dollars)

(1) Reflects the sale of five Suezmax tankers having net book value of \$225,362 at December 31, 2007, for an aggregate price of \$237,600, net of brokerage commissions, resulting in a gain of \$12,238 if the transaction had occurred on December 31, 2007. The net proceeds after the repayment of loans associated with those vessels of \$159,232 and the early termination of an interest rate swap with a fair value of \$779 at December 31, 2007 totalled \$77,589. Concurrently with the sale and the debt repayments the unamortized finance fees of \$1,446 were written-off. The net gain from the sale of vessels and write-off of the unamortized finance fees was recorded as an increase to retained earnings of \$10,792. The accounts affected by the sale of the five Suezmax tankers are presented below:

Account	Debit	Credit
Cash and cash equivalents	77,589	
Current portion of long-term debt	21,601	
Long-term debt, net of current portion	137,631	
Current portion of financial instruments	253	
Financial Instruments, net of current portion	526	
Interest and finance costs	1,446	
Vessels, net		225,362
Gain on sale of vessels		12,238
Long-term debt (financing fees write-off)		1,446

(2) Reflects the revenues and expenses generated by the five Suezmax tankers during the year ended December 31, 2007.

(3) We expect to realize a gain on sale of approximately \$21,500 when the vessels are sold late June 2008 and in the third quarter of 2008. However, we have not estimated the gain on sale as of January 1, 2007 because the gain is non-recurring and therefore is not included in the pro forma financial statements.

(4) Reflects the interest expense associated with the loans of the five vessels of \$9,821, the related amortization of finance fees of \$511, other financial costs of \$82 and the change in the fair value of the related interest rate swap of \$1,052 for the year ended December 31, 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TOP SHIPS INC.
(registrant)

Dated: July 3, 2008

By: /s/ Evangelos J. Pistiolis
Evangelos J. Pistiolis
Chief Executive Officer

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