
Prohibited Conduct

Scotiabank[®]

Statement on Prohibited Conduct

Why Did We Create This Statement?

Scotiabank is committed to delivering on its obligations under *Canada's Financial Consumer Protection Framework* ("the Framework"). This means upholding our customer's trust by helping them know their rights, responsibilities, and the safeguards in place to protect them from prohibited conduct.

Scotiabank has created this statement explaining:

- What prohibited conduct is;
- What prohibited conduct is not; and
- How to contact us if you have any questions, complaints, or concerns.

What is Prohibited Conduct?

Section 627.04 of the Bank Act prohibits banks from engaging in certain conduct. It is against the law for an institution to:

- Impose undue pressure on a person or coerce a person for any purpose, including to obtain a product or service from a particular person - including the institution and any of its affiliates - as a condition for obtaining another product or service from the institution; or
- Take advantage of a person.

What is Our Commitment to You?

We expect all employees at Scotiabank to comply with the law by not engaging in prohibited conduct. We urge you to let us know if you believe that you have experienced prohibited conduct in any dealings with us. You can find out how to contact us at the end of this statement. Both of the above practices are against the law. If you qualify for a product, a banking representative is not allowed to excessively pressure you to buy another unwanted product or service as a condition of obtaining the product you want.

What is NOT Prohibited Conduct?

Scotiabank looks for ways to provide value to you and reward your loyalty. Sales practices such as **preferential pricing** and **bundling of products and services**, can offer you better prices or more favorable terms. These practices are not prohibited conduct under the Bank Act.

Preferential Pricing

Preferential pricing means offering customers a better price or rate on all or part of their business. For example, a printer offers a lower price for each business card if you buy a thousand cards instead of a hundred. A shoe store offers a second pair of shoes at half price. Similarly, a bank may be able to offer you preferential pricing - a higher interest rate on investments or a lower interest rate on loans - if you use more of its products or services.

The following two examples will help to explain preferential pricing in banks.

- After approving your application for a home mortgage from the bank, your bank's mortgage specialist tells you that this mortgage would be available at a lower interest rate if you transferred your investments to the bank or its affiliates.
- After approving your application for an RRSP line of credit, your bank's officer offers you a lower interest rate if you use the line of credit to buy the bank's investment products.

The above practices are acceptable. The approval of your mortgage and RRSP line of credit is **not conditional** on your taking another bank product or service. Rather you are offered preferential pricing to encourage you to give the bank more business.

Bundling of Products and Services

Products or services are often combined to give consumers better prices, incentives, or more favourable terms. By linking or bundling their products or services, businesses are often able to offer them to you at a lower combined price than if you bought each product on its own. For example, a fast-food chain advertises a meal

combination that includes a hamburger, fries, and a drink. The overall price is lower than if you bought the three items separately. Similarly, banks may offer you bundled financial services or products so that you can take advantage of package prices that are less than the sum of the individual items.

The following example will help to explain the bundling of bank products and services.

- You plan to open a bank account that charges you for individual transactions. The banking representative offers you a package of services that includes a comparable bank account, a credit card with no annual fee and a discount on a safety deposit box. The total price for the package is less than if you purchased each part of the package separately.

Bundling products in this way is permitted because you have the choice of buying the items individually or in a package.

How Do We Manage Our Credit Risk?

To ensure the safety of their depositors, creditors and shareholders, banks must carefully manage the risk on the loans and credit cards they approve. Therefore, the law allows us to impose certain requirements on borrowers as a condition for granting a loan - but only to the extent reasonable for us to manage our risk.

The following example will help to explain how banks manage such risk.

- You apply for a term loan for your business. To manage the risk associated with the loan, your bank requires your business to have an operating account with the bank as a condition for obtaining the loan.

The above example is legal and appropriate. Having your business' operating account at the bank allows your bank to assess possible risks associated with your business' cash flow and manage the risk associated with the loan.

At Scotiabank, our requirements for borrowers will be reasonable and consistent with our level of risk.

How Can You Contact Us?

Please let us know if you have any questions about your dealings with Scotiabank. Talk to people at your Branch or Customer Contact Centre (1-800-4SCOTIA or 1-800-472-6842).

If you have a complaint or would like to view the process, visit [Scotiabank's Complaint handling procedures](#), or obtain the "Resolving Your Complaints" brochure from your local Branch.

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