



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

JUN 20 1997

Bradley K. Sabel, Esq.
Shearman & Sterling
599 Lexington Avenue
New York, NY 20033-6069

Dear Mr. Sabel:

As requested in your letter dated March 21, 1997, the Board of Governors has granted the Bank of Nova Scotia ("Scotiabank"), Toronto, Ontario, Canada, an exemption under section 4(c)(9) of the Bank Holding Company Act ("BHC Act") that allows Scotiabank to engage for one year in certain reinsurance activities in the United States as a result of Scotiabank's proposed acquisition of the Mortgage Insurance Company of Canada ("MICC"), a Canadian company that has a branch in Wisconsin.

In granting this exemption, the Board has relied on the following commitments made by Scotiabank:

1. Outside the United States, no steps shall be taken in product marketing programs (including advertising) to identify Scotiabank's U.S. operations as being related to MICC's U.S. operations, and vice versa.
2. Scotiabank's U.S. operations shall be managed and operated separately from MICC's U.S. operations. In the United States, Scotiabank and its subsidiaries (the "Scotiabank organization") and MICC shall not engage in joint business ventures or projects, provide services for each other, share customer lists, or otherwise exchange information. Notwithstanding the foregoing, Scotiabank's officers and employees may participate in supervising the winding up or disposition of MICC's U.S. operations.
3. In the United States, there shall be no cross-marketing of the products of the Scotiabank organization by MICC, and vice versa.
4. Neither the Scotiabank organization nor MICC shall make credit available in any form to finance the other's operations in the United States, or otherwise to finance any subsidiary of the other in the United States.

5. MICC shall cease all activity in the United States within one year of the acquisition.
6. During the exemption period, MICC shall not engage in any new activities in the United States.

Based on all the facts of record and the commitments noted above, the Board has determined that granting Scotiabank an exemption under section 4(c)(9) would not be substantially at variance with the purposes of the BHC Act and would be in the public interest. The commitments relied on in reaching this decision are conditions imposed in writing by the Board in connection with its findings and determination and may be enforced in proceedings under applicable law.

Very truly yours,

(Signed) ~~Jennifer J. Johnson~~
Jennifer J. Johnson
Deputy Secretary of the Board

cc: John S. Cassidy
Federal Reserve Bank of New York