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### **Governor Dodge Says Transparency Essential for Financial Market Efficiency**

TORONTO – Recent market events have shown how important it is to have appropriate levels of transparency and disclosure of information for financial markets to function well, Bank of Canada Governor David Dodge said today.

In a speech to the Canadian Club of Toronto and the Empire Club of Canada, Governor Dodge said that although many factors led to the market turbulence that began seven months ago, a dearth of appropriate information for investors was a key contributing issue.

In recent years, investors searching for higher yields purchased complex, often opaque and highly structured products that could not be readily valued, the Governor said. This lack of transparency contributed directly to uncertainty and to market turbulence, he noted.

“Over time, market forces can still be expected to work out these problems,” the Governor said. “But markets need information to operate efficiently. So, it is in the interest of market participants to make sure that parties have access to all necessary information.”

Natural market forces will likely lead to greater transparency, said the Governor. In the future, investors can be expected to demand more transparency where it is now lacking, while vendors of financial instruments will need to structure them in such a way that market players can clearly see what they are buying, he concluded.