The objective of this study is to investigate further the interplay between market globalization and corporate governance practices. The study is conducted in Canada using a sample of 230 firms listed on the TSX in 2002 and ranked by Report on Business (ROB) on a set of corporate governance best practices. The ROB corporate governance index is built around four categories, namely board composition, compensation, shareholder rights and disclosure. The interaction of the sample companies with the US markets is analyzed on the three following dimensions: financial market, product market and multi-markets (combining financial, product and labor markets). Overall, our results show that greater US market interaction is associated with the adoption of better corporate governance practices by Canadian companies.

This study adds evidence on the positive relation between market integration and corporate governance practices and, as such, provides some credence to the claim that globalization will lead to a certain degree of market-driven convergence in corporate governance.

**Key words:** Corporate governance, market interaction, US cross-listing, convergence, Canada, US.