

PREFACE

The *Global Financial Stability Report* (GFSR) assesses key risks facing the global financial system with a view to identifying those that represent systemic vulnerabilities. In normal times, the report seeks to play a role in preventing crises by highlighting policies that may mitigate systemic risks, thereby contributing to global financial stability and the sustained economic growth of the IMF's member countries. Despite ongoing economic recovery, the global financial system remains in a period of uncertainty. The current report highlights how risks have changed over the last six months, traces the sources and channels of financial distress with an emphasis on sovereign risk, and provides a discussion of policy proposals under consideration to mend the global financial system.

The analysis in this report was coordinated by the Monetary and Capital Markets (MCM) Department under the general direction of José Viñals, Financial Counsellor and Director. The project has been directed by MCM staff Jan Brockmeijer and Robert Sheehy, Deputy Directors; Peter Dattels and Laura Kodres, Division Chiefs; and Christopher Morris and Matthew Jones, Deputy Division Chiefs. It has benefited from comments and suggestions from the senior staff in the MCM Department.

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This particular issue draws, in part, on a series of discussions with banks, clearing organizations, securities firms, asset management companies, hedge funds, standards setters, financial consultants, and academic researchers. The report reflects information available up to September 24, 2010.

The report benefited from comments and suggestions from staff in other IMF departments, as well as from Executive Directors following their discussion of the *Global Financial Stability Report* on September 20, 2010. However, the analysis and policy considerations are those of the contributing staff and should not be attributed to the Executive Directors, their national authorities, or the IMF.