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Losses on Creditors; The Failure of the Bear Stearns Hedge Funds; Hedge Fund Contribution to the Financial Crisis Through the Market Channel; Hedge Fund Contribution to the Buildup of the Housing Bubble; Hedge Fund Deleveraging; Short Selling; Hedge Fund Runs on Investment Banks; Assessment of Hedge Fund Contributions to the Financial Crisis; CHAPTER FIVE: Potential Hedge Fund Threats to Financial Stability and Reforms to Address Them
Potential Hedge Fund Threats to Financial Stability Lack of Information on Hedge Funds; Lack of Appropriate Margin in Derivatives Trades; Runs on Prime Brokers; Short Selling; Compromised Risk-Management Incentives; Lack of Portfolio Liquidity and Excessive Leverage; Financial Reforms That Address Hedge Fund Contributions to Systemic Risk; Reforms That Address Lack of Information on Hedge Funds; Reforms That Address Lack of Appropriate Margin in Derivatives Trades; Reforms That Address Hedge Fund Runs on Prime Brokers; Reforms That Address Short Selling
Reforms That Address Risk-Management Incentives Reforms That Address the Liquidity and Leverage of Hedge Fund Portfolios; Summary; CHAPTER SIX: Conclusion; APPENDIX: Regulatory Reforms That Address Potential Systemic Risks; References

Sommario/riassunto

This report explores the extent to which hedge funds create or contribute to systemic risk, the role they played in the financial crisis, and whether and how the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 addresses the potential systemic risks posed by hedge funds.
