IBS Fintech-Intreax

**Interest rate swap**

* Interest rate swaps are forward contracts where one stream of future interest payments is exchanged for another based on a specified principal amount.
* Interest rate swaps can exchange fixed or floating rates in order to reduce or increase exposure to fluctuations in interest rates.
* Interest rate swaps are sometimes called plain vanilla swaps, since they were the original and often the simplest such swap instruments.

**Cross Currency Swap**

* Cross-currency swaps are used to lock in exchange rates for set periods of time.
* Interest rates can be fixed, variable, or a mix of both.
* These instruments trade OTC, and can thus be customized by the parties involved.
* While the exchange rate is locked in, there is still opportunity costs/gains as the exchange rate will likely change. This could result in the locked-in rate looking quite poor (or fantastic) after the transaction occurs.