Companies that have used swaps successfully and unsuccessfully as samples. 1. Businesses that effectively reduced risks by using swaps: ● Southwest Airlines: the airline has a reputation for taking benefit from shifts in fuel prices. The company used swaps as a hedging against fluctuating fuel prices and was capable of to secure a lock in fuel expenditures at a predefined amount. reducing the likelihood of unanticipated increases in fuel prices. Because of this efficient use of swaps, the airlines have seen a decrease in operational costs. ● GE (General Electric): has engaged in a Product Swap agreement to protect itself from fluctuations in the cost of commodities, especially natural gas. Thus, preserving cost stability and protecting against volatile commodity costs. ● Proctor and Gamble: because it is a multinational corporation that is impacted by changes in foreign exchange rates, the company has made use of foreign exchange swaps. By consenting to trading one currency for another at a set rate, it entered into those swap arrangements. reducing the influence of fluctuations in foreign exchange rates on its financial outcomes. 2. Businesses that failed to employing swaps to manage risk: ● A hedge fund corporation named Long Term Capital Management was on the verge of bankruptcy back in 1998. This is justified by the fact that they implemented swaps while under the effect of high financial leverage and unstable financial markets, that threw off their obligations under the agreement and resulted in large losses for the company. ● Enron: dishonest business tactics caused this energy company to go bankrupt in 2001. Through the manipulation of swap contracts to smooth out income swings and alter the moment of earnings recognition, they were able to alter financial statements, inflate profits, and hide debt. ● In 2013, the town of Detroit, Michigan, USA, registered for bankruptcy, making it the costliest municipal bankruptcy in US history. The complex method the city used financial derivatives including swaps to manage its debt was one of the many factors that contributed to this. Interest rate swaps, which were notably used at the time, resulted in large damages because interest rates shifted beyond their contractual position—that is, they will be paid if interest rates increase, and they must pay if they decrease. Unfortunately, as was already mentioned, the interest rates decreased, but they were still obliged to fulfill installments in spite of their financial situation. As a result, it is evident from the businesses on the above list that have effectively employed swap contracts that swaps have a favorable impact on risk management and financial performance stability. However, those organizations that haven't been able to swap contracts effectively have experienced financial setbacks or even failed and declared bankruptcy. For this reason, it's critical to comprehend how swap contracts operate and how they can affect a company's ability to produce money. Following studying the whole Archegos Capital Case Study and comprehending how the business collapsed by utilizing the derivative instrument—the total return swap in this case—we think that Archegos improperly utilized the total return swaps alongside to the additional variables that played a role to the break down, like not succeeding to interact effectively with the other party like financial institutions, employing high leverage in those operations, and not succeeding to recognize the circumstances associated with insufficient risk management, which ultimately led to this failure. It is clear that the issue there has nothing to do with Total Return Swaps per se, instead it is with Archegos' implementation of them, given there have been many firms that have utilized them effectively and still avoided collapsed, as well as organizations that were unable to succeed utilizing it in a way similar to Archegos, The secret to these companies' achievement is how well they implement it, how well they manage risks, how well they meet all requirements, and how strictly they adhere to the regulations. Whenever this cannot be done, a company is going to fail or discover itself in a difficult situation, which is precisely what happened to Archegos. Conclusion In summary, the Archegos family organization developed substantial holdings without practicing sufficient risk management or openness. Archegos was unable to meet margin calls due to a shortage of liquidity caused by market swings. These incidents started a series of enforced liquidations that affected markets all over the place. Ultimately, the crash acts as a warning about the necessity of sensible regulation to maintain market stability and avert further losses.