

NEWCHANGE FX

New Change FX Services.

New Change FX (NCFX) offers two key Foreign Exchange (FX) services; **FX Transaction Cost Analysis (TCA)** and **Live FX Benchmarking**. NCFX is an **independent** business that does not offer pricing or market making services in any way. We are solely committed to creating transparency and clean FX benchmarks that you can rely on.

FX Transaction Cost Analysis (TCA)

New Change FX produces detailed TCA analysis on a **trade-by-trade** basis. Our approach is to thoroughly understand how our client has chosen to execute. With this knowledge we are able to define rational risk-windows for the transactions being analysed, refining each risk window by establishing a 'most likely' period of execution. As a result, we can establish a reasonable view of the cost paid by the client.

Having identified the costs involved in each transaction, we are then able to produce a report that details:

- **Overall FX costs** - on a by-trade basis, highlighting individual trades where there might be issues arising.
- **FX Costs by currency pair** - where you are achieving good value in certain currencies, and suggest areas where improvements could be made.
- **FX Costs by bank, broker or FX platform** - examine the costs being charged through each order execution channel allowing you to identify which counterparts look after your interests or where improvements might be made.
- **FX Costs by trade type** - covering spot, forward and swap transactions to ensure that all of your FX costs are measured. Execution in swaps and forwards is often very expensive; however, our software has been developed to identify these costs accurately.
- **Pain Factor** - by broker and by currency pair. We give you clear information on where you are paying more for the volume of execution, than you perhaps could through our Pain Factor measure.

New Change FX Services strongly reject 'statistical' TCA which does not seek to analyse the trades in detail and establish a reasonable time-frame for execution, but rather takes an arbitrary point in time and measures execution against this. In our experience this approach fails to identify costs properly and we frequently find that less than 20% of actual cost is correctly identified.

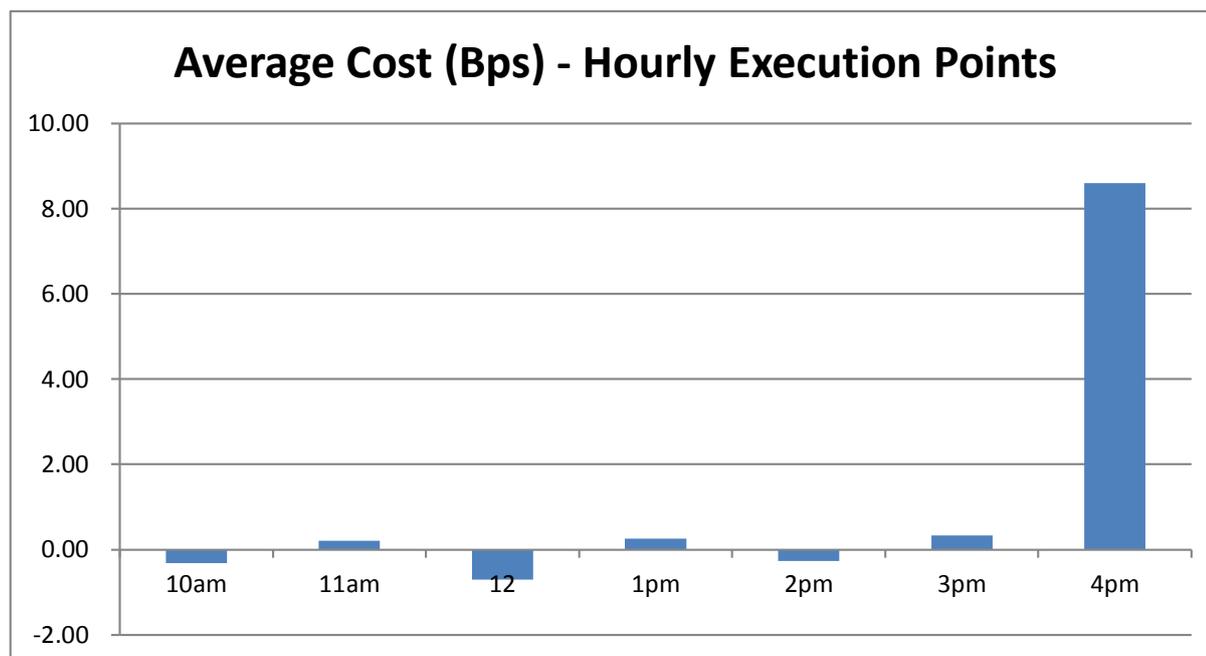
4pm Fixing Cost Analysis

When using a 4pm fix, clients are often told that there is no cost because the 4pm fixing rate was not significantly different from the spot rate at 4pm. This analysis fails to identify the massive skew that the client is usually paying away every time they use the 4pm fix.

New Change FX Services are able to identify the overall cost versus a time-weighted average price over a preceding period and provide a good understanding of the actual cost of using the 4pm fix. The chart below provides an example of the skew for a traditional UK asset manager using the 4pm fix. This reiterates the importance of accurate TCA, especially when utilising an inherently skewed benchmark.



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New Change FX Benchmarks.

For numerous clients who have conducted TCA, the immediate question that arises is how to solve the issue of paying too much for FX services? It can be difficult for a pension fund or asset manager to change the operational structure in which their Foreign Exchange is executed. Therefore, it is essential to find a solution that does not disrupt existing dealing infrastructure.

Consequently we have developed the **New Change FX Benchmarks**. Our benchmarks are available immediately from your bank or broker. You simply need to instruct your bank or broker to execute your business against the NCFX Benchmarks. The bank will usually collect our fully disclosed fee.

In addition, several banks offer Time-Weighted Average Price (TWAP) services based on the NCFX benchmarks, should you still require a point-in-time valuation. Our TWAP process ensures that the 4pm skew noted above, is removed by spreading your FX needs over a longer time-window. We offer:

- **Live FX mid-rate** benchmarks in 41 spot pairs.
- **One-minute fixes** in 41 pairs. These allow you to establish a value at a specific point-in-time.
- **TWAP benchmarks** in 41 pairs. These can be tailored to suit any window from a few minutes to many hours.

If you require a superior benchmarking process, then the NCFX benchmarks provide a simple, easily implemented solution that reflects the true value of the market in real time. These independently produced benchmarks are not skewed by credit-effects, cannot be manipulated by your bank against your interest and offer a reliable source of information to the FX market user.

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