



# NEWCHANGEFX

## NCFX Decay API

The NCFX Decay API revalues trades at a range of different time stamps specified by the user. Spread costs are standardised into USD terms.

### Why look at historic Trade Decay?

When a client executes a trade with a market maker, the market maker is on risk until the market maker can close out the position with an offsetting trade. The Execution Price is the risk transfer price, but from the dealer's perspective the profitability of a trade is the spread plus any market movement between when the trade is opened and when the trade is closed.

The NCFX Decay API provides clients a tool that calculates USD costs (mark outs) at discrete user defined moments in time. The API can handle multiple requests in one call, enabling clients to call up to 10 even 20 time slices analysing the historic market movement both pre and post trade down to the nearest 50 milliseconds.

The cost at Time Zero (Effective Spread) plus the difference in cost at the Time Slice provides an indication of the potential value to the market maker at the specified time slice.

### The calculation

At  $T_0$  the Effective Spread is calculated as the difference between the NCFX Mid-Rate and the Execution Price

The trade amount is converted into USD at the NCFX USD mid-rate at each time slice  $T_0, T_{+1}, T_{-1}, T_{+2}, T_{-2}, T_{nj}$  etc. USD cost is calculated as the difference between the USD amount at  $T_0$ , and the USD amount at the specified Time slice.

The NCFX Decay API is callable via Postman. The current version is available for Spot FX. A version for outrights will be released in the near future.

Please contact your NCFX representative for more information, or email [info@newchangeFX.com](mailto:info@newchangeFX.com)