

MARKETAXESS

3Q15

CONFERENCE CALL & WEBCAST

October 21, 2015

Forward Looking Statements



This presentation may contain forward-looking statements, including statements about the outlook and prospects for Company and industry growth, as well as statements about the Company's future financial and operating performance. These and other statements that relate to future results and events are based on MarketAxess' current expectations. Actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including: the volatility of financial services markets generally; the level of trading volume transacted on the MarketAxess platform; the absolute level and direction of interest rates and the corresponding volatility in the corporate fixed-income market; the level and intensity of competition in the fixed-income electronic trading industry and the pricing pressures that may result; the variability of our growth rate; the rapidly evolving nature of the electronic financial services industry; our ability to introduce new fee plans and our clients' response; our exposure to risks resulting from non-performance by counterparties to transactions executed between our clients in which we act as an intermediary in matching back-to-back trades; our dependence on our broker-dealer clients; the loss of any of our significant institutional investor clients; our ability to develop new products and offerings and the market's acceptance of those products; the effect of rapid market or technological changes on us and the users of our technology; our ability to successfully maintain the integrity of our trading platform and our response to system failures, capacity constraints and business interruptions; our vulnerability to cyber security risks; our ability to protect our intellectual property rights or technology and defend against intellectual property infringement or other claims; our ability to enter into strategic alliances and to acquire other businesses and successfully integrate them with our business; our ability to comply with new laws, rules and regulations both domestically and internationally; our ability to maintain effective compliance and risk management methods; the strain of growth initiatives on management and other resources; our future capital needs and our ability to obtain capital when needed; limitations on our operating flexibility contained in our credit agreement; and other factors. The Company's actual results and financial condition may differ, perhaps materially, from the anticipated results and financial condition in any such forward-looking statements. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. More information about these and other factors affecting MarketAxess' business and prospects is contained in MarketAxess' periodic filings with the Securities and Exchange Commission and can be accessed at www.marketaxess.com.

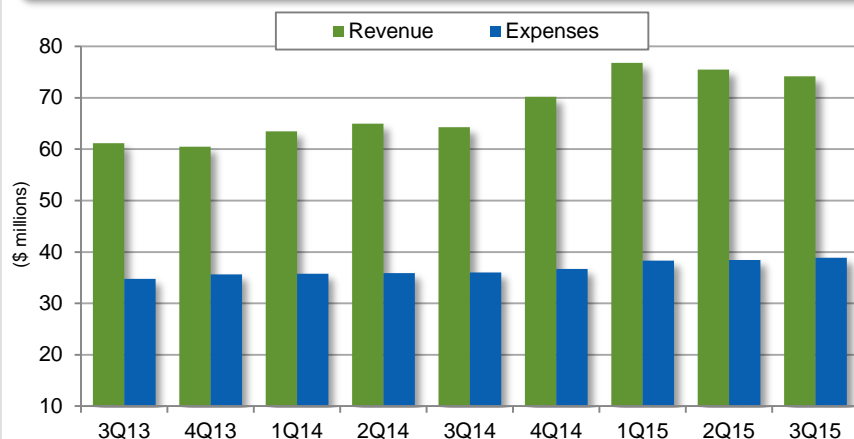
Earnings

- Revenues of \$74.2 million, up 15.5%
- Expenses of \$38.8 million, up 8.0%
- Pre-tax income of \$35.4 million, up 25.1%
- Diluted EPS of \$0.60, up 30.4%

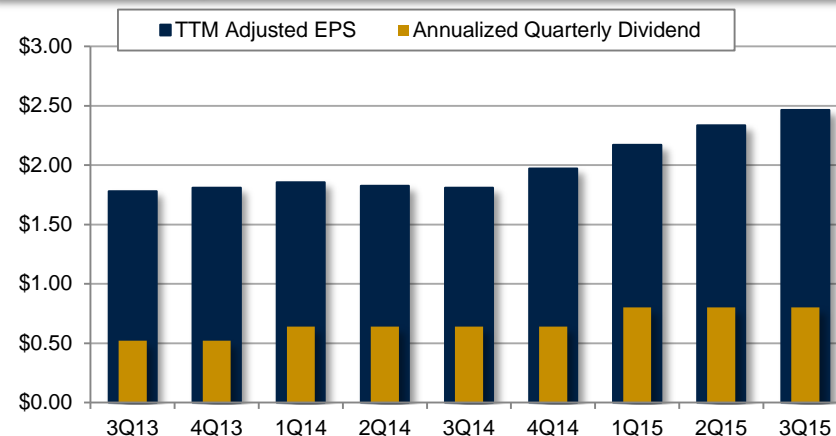
Business Highlights

- Total trading volume up 31.6%
- Record adjusted estimated U.S. high-grade² market share of 17.3%, up from 14.6%
- Record quarter for U.S. high-yield and emerging market bond volumes
- Record Open Trading volume and participation

Quarterly Revenue and Expense Trend



Adjusted EPS³ and Dividend Trend

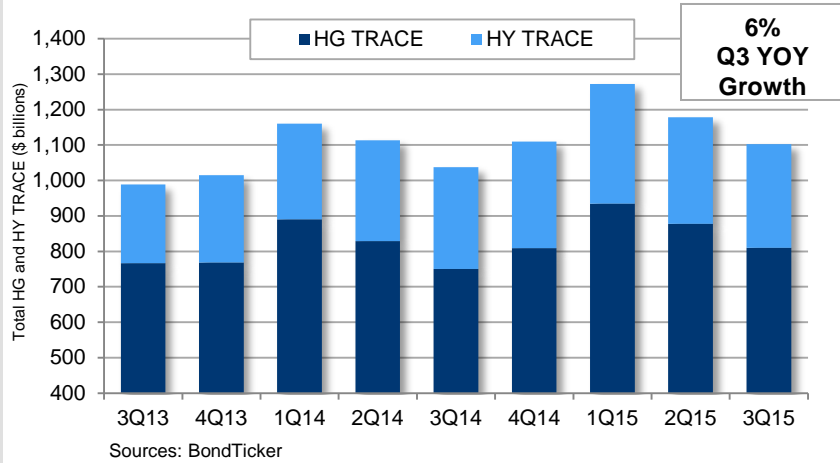


¹ All period comparisons versus 3Q14 unless otherwise stated.

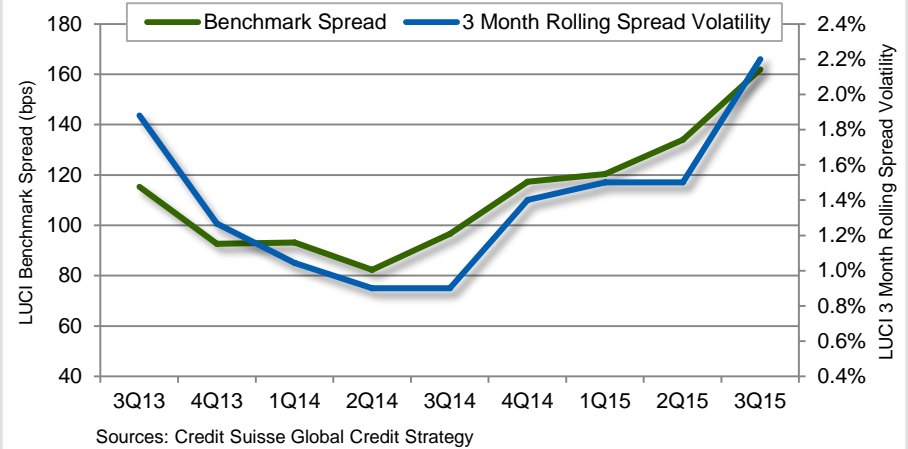
² FINRA TRACE volumes have been adjusted to eliminate the increased reporting of affiliate back-to-back trades and exclude 144A securities. See Investor Relations-Volume section of Company website.

³ Adjusted for a one-time favorable tax adjustment in the fourth quarter of 2012.

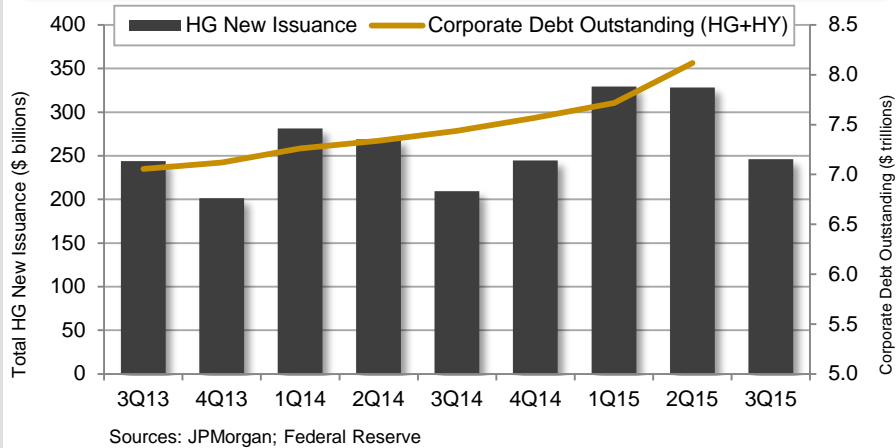
U.S. High-Grade and High-Yield TRACE¹



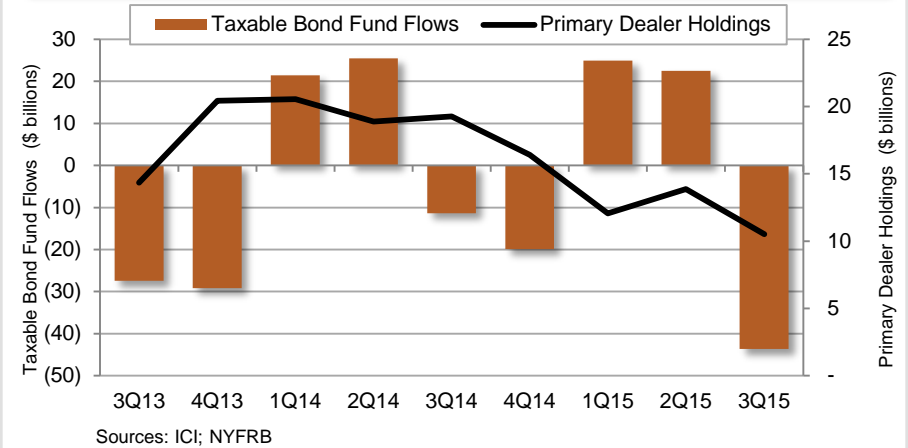
Liquid U.S. Corporate Index (LUCI)



New Issuance and Corporate Debt Outstanding



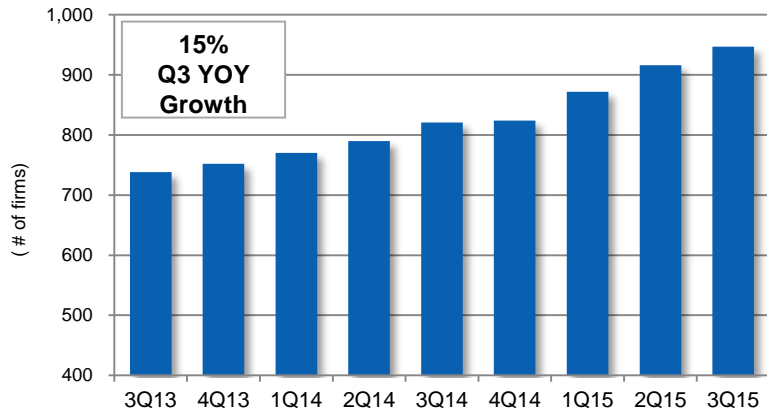
Taxable Bond Fund Flows and Primary Dealer Holdings²



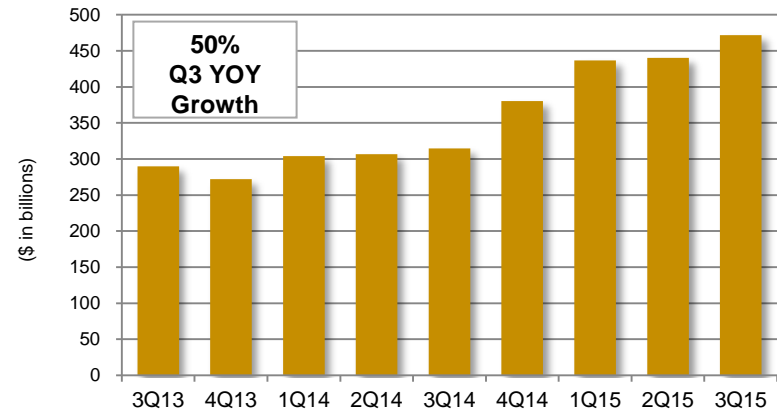
¹ FINRA TRACE volumes have been adjusted to eliminate the increased reporting of affiliate back-to-back trades and exclude 144A securities. See Investor Relations-Volume section of Company website.

² Primary dealer holdings includes U.S. High-Grade and U.S. High-Yield positions greater than 13 months

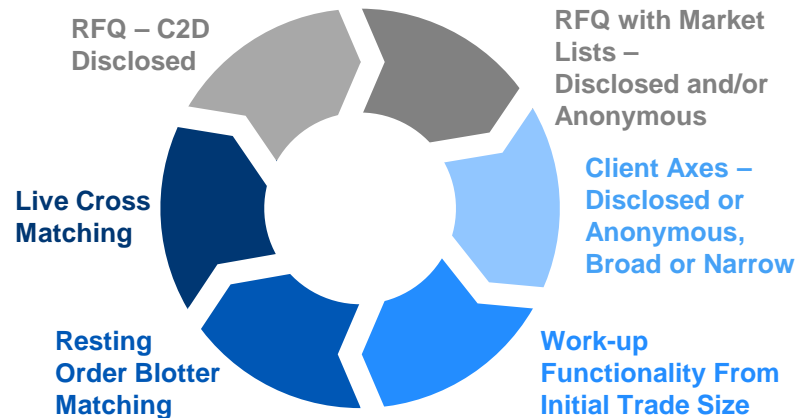
Total Active Firms



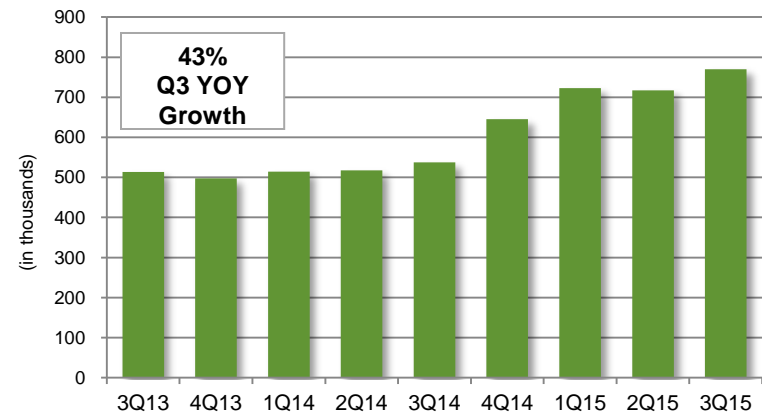
Total Global Inquiry Volume



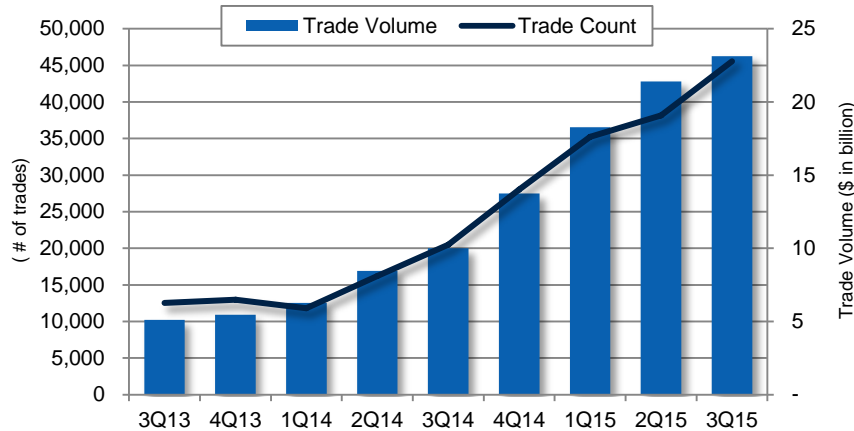
Full Spectrum of Trading Protocols



Total Global Inquiry Count



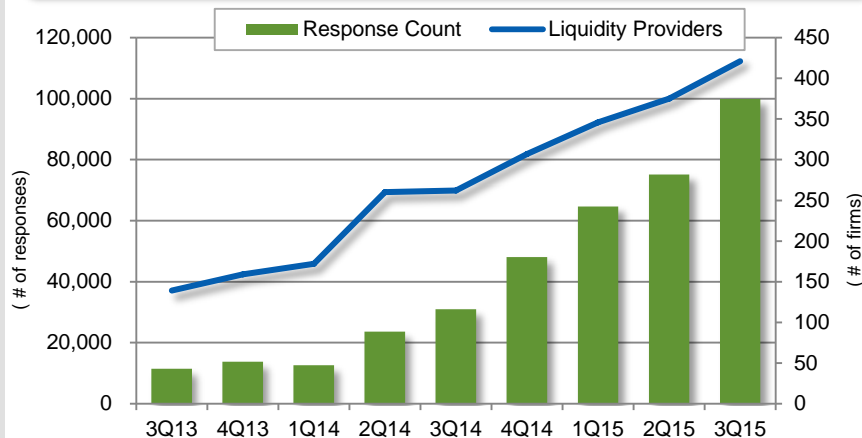
Open Trading Growth



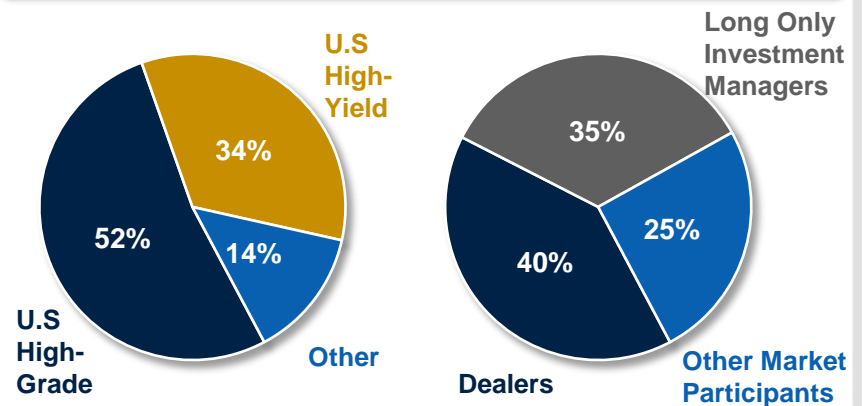
Highlights

- \$361 million average daily volume, up 130% from 3Q14
- Over 45,000 total Open Trading transactions completed in 3Q15, up from 20,000 in 3Q14
- Approximately 100,000 price responses in 3Q15, up 223% from 3Q14
- Average transaction cost savings of more than 3bp in yield through U.S. high-grade Open Trading
- Over 13% of combined U.S. high-grade and U.S. high-yield volume on MarketAxess now take place via Open Trading protocols

Market List Response Count and Liquidity Providers

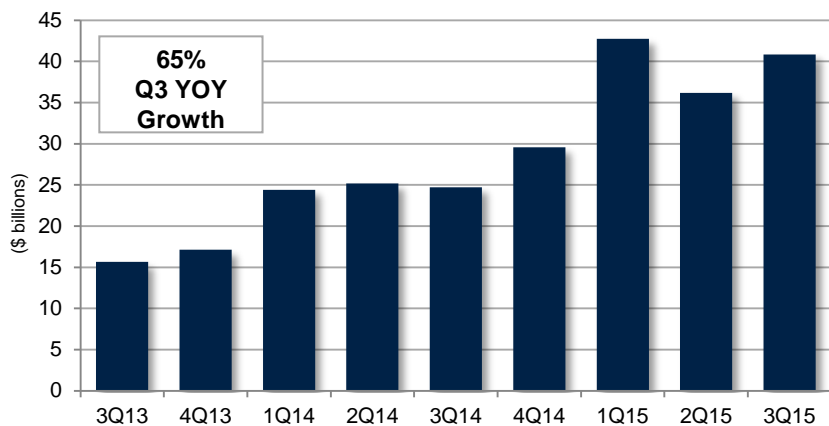


3Q15 Market List Trade Count By Product and Client Segment



Note: based on 3Q15 trade count of firms winning Market List trades

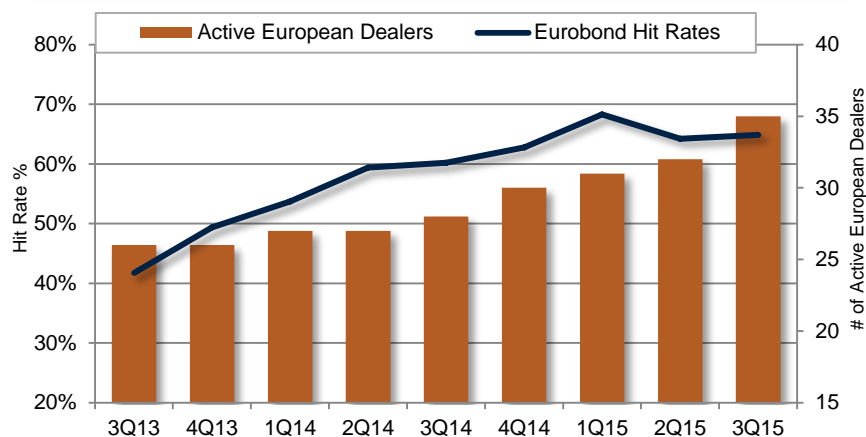
European Client Volumes



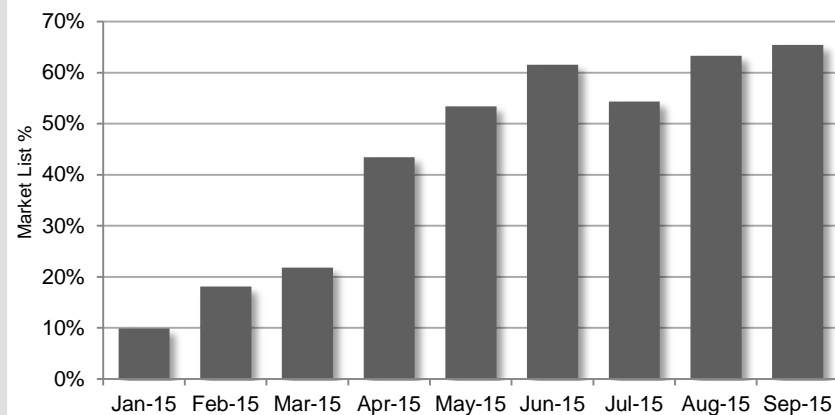
Highlights

- European client volume up 65%; Eurobond volume up 81%
- European dealers who joined in 2015 now represent 7% of Eurobond volume
- Open Trading Progress - 65% of Eurobond orders submitted to Market Lists
- MiFID II likely to expand opportunity in e-trading, data and regulatory reporting
- Data revenue up 18% from 3Q14

Eurobond C2D Hit Rates and Active European Dealers



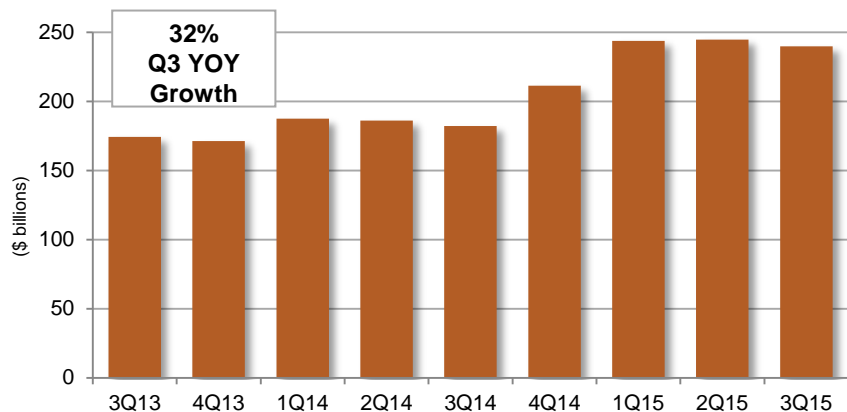
% of Eurobond Orders Submitted to Market Lists



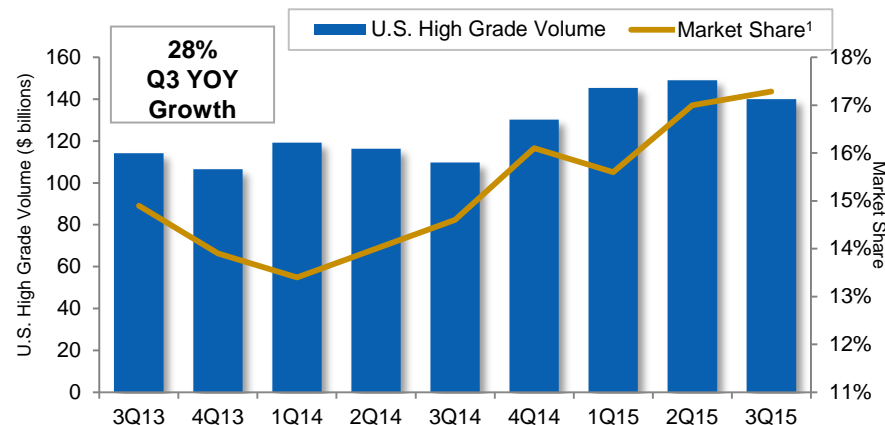
Quarterly Volume



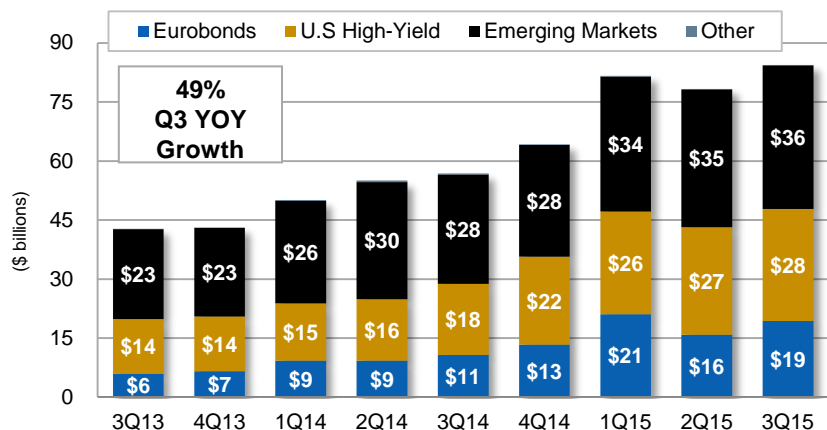
Global



U.S. High Grade

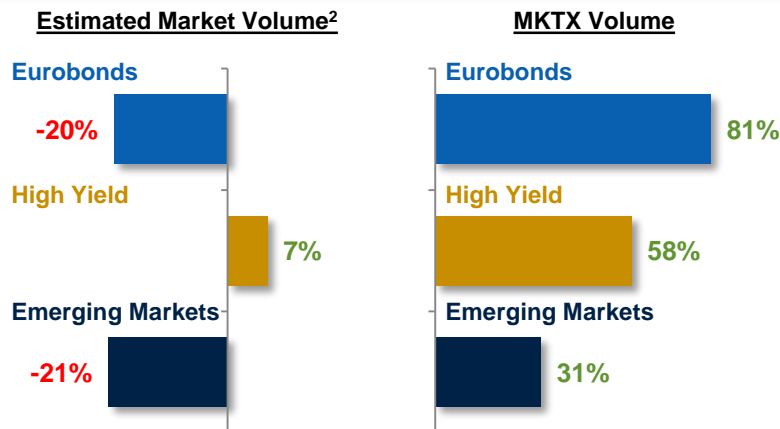


Other Credit



Note: includes high yield, emerging markets, eurobonds and structured products

3Q15 Other Credit Market and MKTX YOY Volume Change



Source: FINRA, BondTicker and TRAX

¹ FINRA TRACE volumes have been adjusted to eliminate the increased reporting of affiliate back-to-back trades and exclude 144A securities. See Investor Relations-Volume section of Company website.

² Estimated Eurobond volumes include TRAX reported USD denominated corporate bonds; estimated Emerging Markets volumes include TRAX reported volumes and Emerging Markets TRACE volumes.

Earnings Performance



(In thousands, except per share data)

	<u>3Q15</u>	<u>2Q15</u>	<u>3Q14</u>	Δ <u>3Q15 vs.</u> <u>3Q14</u>
Revenues				
Commissions	\$ 65,178	\$ 66,412	\$ 54,462	19.7%
Information and Post-trade Services	7,671	7,632	7,600	0.9%
Technology Products & Services	683	762	1,562	(56.3%)
Investment and Other Income	660	685	621	6.3%
Total Revenues	<u>74,192</u>	<u>75,491</u>	<u>64,245</u>	15.5%
Expenses	<u>38,839</u>	<u>38,432</u>	<u>35,977</u>	8.0%
Income Before Taxes	<u>35,353</u>	<u>37,059</u>	<u>28,268</u>	25.1%
Provision for Income Taxes	12,638	12,821	10,764	17.4%
Net Income	<u>\$ 22,715</u>	<u>\$ 24,238</u>	<u>\$ 17,504</u>	29.8%
Operating Margin	47.7%	49.1%	44.0%	3.7 pts
EBITDA¹	\$ 39,995	\$ 41,662	\$ 32,750	22.1%
Diluted EPS	\$ 0.60	\$ 0.64	\$ 0.46	\$ 0.14
Diluted Shares²	37,643	37,642	37,805	(0.4%)

¹ See third quarter 2015 earnings release and the Investor Relations section of the Company's website for reconciliation of net income to EBITDA.

² Represents the weighted average number of share of common stock including the dilutive effect of outstanding securities.

Commission Revenue Detail



	<u>3Q15</u>	<u>2Q15</u>	<u>3Q14</u>	<u>%Δ</u> <u>3Q15 vs.</u> <u>3Q14</u>
(\$ in thousands)				
<u>Commissions</u>				
<u>Transaction Fees</u>				
U.S. High-Grade	\$ 23,337	\$ 26,439	\$ 19,412	20.2%
Other Credit ¹	24,091	23,477	17,948	34.2%
Liquid Products ²	598	690	658	(9.1%)
Total Transaction Fees	48,026	50,606	38,018	26.3%
<u>Distribution Fees</u>				
U.S. High-Grade	15,376	14,084	14,475	6.2%
Other Credit ¹	1,487	1,467	1,735	(14.3%)
Liquid Products ³	289	255	234	23.5%
Total Distribution Fees	17,152	15,806	16,444	4.3%
Total Commissions	\$ 65,178	\$ 66,412	\$ 54,462	19.7%
(\$ in millions)				
<u>Trading Volume</u>				
U.S. High-Grade	\$ 140,039	\$ 148,963	\$ 109,712	27.6%
Other Credit ¹	84,333	78,304	56,761	48.6%
Liquid Products ²	15,353	17,473	15,665	(2.0%)
Total Trading Volume	\$ 239,725	\$ 244,740	\$ 182,138	31.6%
<u>Transaction Fees per Million</u>				
U.S. High-Grade	\$ 167	\$ 177	\$ 177	(5.8%)
Other Credit ¹	286	300	316	(9.7%)
Liquid Products ²	39	39	42	(7.3%)
Total	\$ 200	\$ 207	\$ 209	(4.0%)

¹ Other Credit includes high-yield, emerging markets, Eurobonds and structured products bonds.

² Liquid Products includes U.S. agencies and European government bonds.

³ Includes CDS SEF-related revenue.

Expense Detail



(\$ in thousands)

<u>Expenses</u>	<u>3Q15</u>	<u>2Q15</u>	<u>3Q14</u>	<u>% Δ</u> <u>3Q15 vs.</u> <u>3Q14</u>
Employee Comp. and Benefits	\$ 21,002	\$ 20,593	\$ 18,589	13.0%
Depreciation and Amortization	4,642	4,603	4,482	3.6%
Technology and Communications	3,891	3,967	4,359	(10.7%)
Professional and Consulting	3,210	3,011	3,514	(8.7%)
Occupancy	1,246	1,232	1,127	10.6%
Marketing and Advertising	1,304	1,764	1,331	(2.0%)
General and Administrative ¹	<u>3,544</u>	<u>3,262</u>	<u>2,575</u>	37.6%
Total Expenses	<u>\$ 38,839</u>	<u>\$ 38,432</u>	<u>\$ 35,977</u>	8.0%

¹ Includes clearing costs of \$0.8 million, \$0.7 million and \$0.4 million for the three months end September 30, 2015, June 30, 2015 and September 30, 2014 respectively.

Balance Sheet Data



(\$ in thousands)

	<u>9/30/2015</u>	<u>12/31/2014</u>	<u>% Δ vs. 12/31/2014</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 160,376	\$ 168,924	(5.1%)
Securities Available-For-Sale	95,516	64,863	47.3%
Accounts Receivable, net	49,280	33,836	45.6%
All Other Assets	<u>111,150</u>	<u>112,261</u>	(1.0%)
Total Assets	<u>\$ 416,322</u>	<u>\$ 379,884</u>	9.6%
<u>Liabilities and Stockholders' Equity</u>			
Total Liabilities	\$ 42,851	\$ 45,676	(6.2%)
Total Stockholders' Equity	<u>373,471</u>	<u>334,208</u>	11.7%
Total Liabilities and Stockholders' Equity	<u>\$ 416,322</u>	<u>\$ 379,884</u>	9.6%

- Cash, Cash Equivalents & Securities Available-For-Sale represented \$6.80 per share on a diluted basis as of 9/30/15
- Total Shareholders' Equity was \$9.92 per share on a diluted basis as of 9/30/15

- **Record trading volume in U.S. high-yield and emerging market bonds**
- **Increased momentum in market share gains**
- **Regulatory obligations reinforcing the need for new liquidity solutions**
- **Record Open Trading volume and participation**

