

MARKETAXESS

2Q16

CONFERENCE CALL & WEBCAST

July 28, 2016

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.

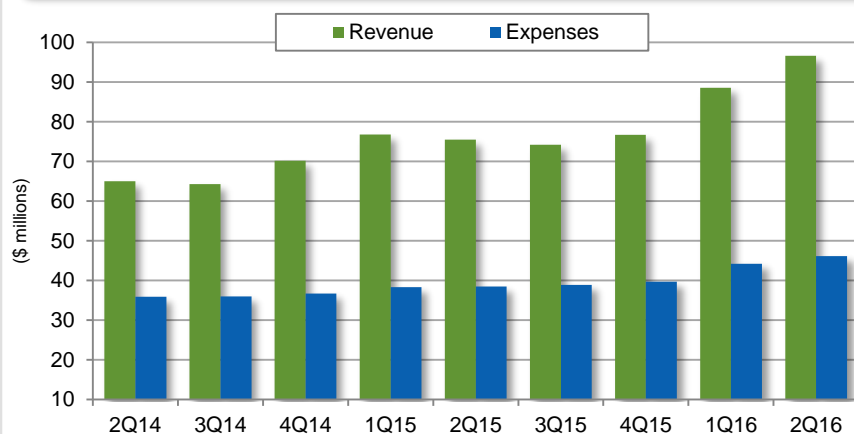
Earnings

- Record revenues of \$96.6 million, up 28.0%
- Expenses of \$46.1 million, up 19.9%
- Record pre-tax income of \$50.6 million, up 36.4%
- Record diluted EPS of \$0.88, up 37.5%

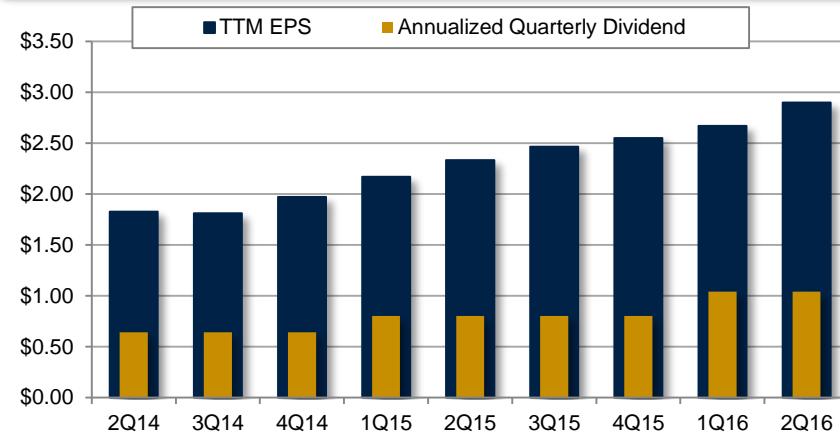
Business Highlights

- Record total trading volume up 38.2%
- Record estimated market share for U.S. high-grade of 16.1%² and high-yield of 7.1%
- Record trading volume in each of our four core products: U.S. high-grade, high-yield, Eurobonds and emerging market bonds
- Record Open Trading™ volume and participation
- Combined U.S. high-grade and high-yield quarterly TRACE volumes near record levels

Quarterly Revenue & Expense Trend



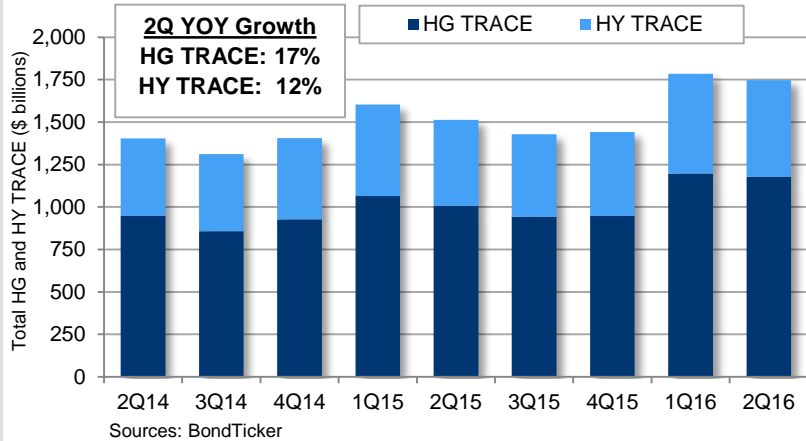
EPS & Dividend Trend



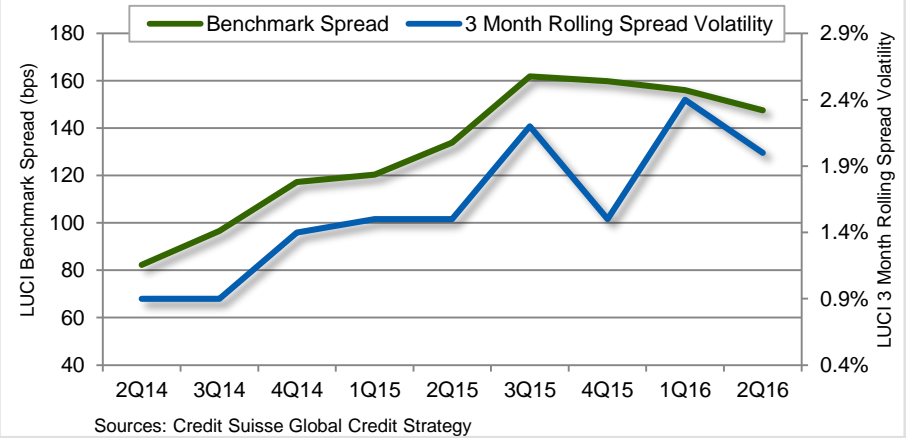
¹ All period comparisons versus 2Q15 unless otherwise stated.

² FINRA TRACE volumes have been adjusted to eliminate the increased reporting of affiliate back-to-back trades from April 2014 to October 2015. See Investor Relations-Volume section of Company website.

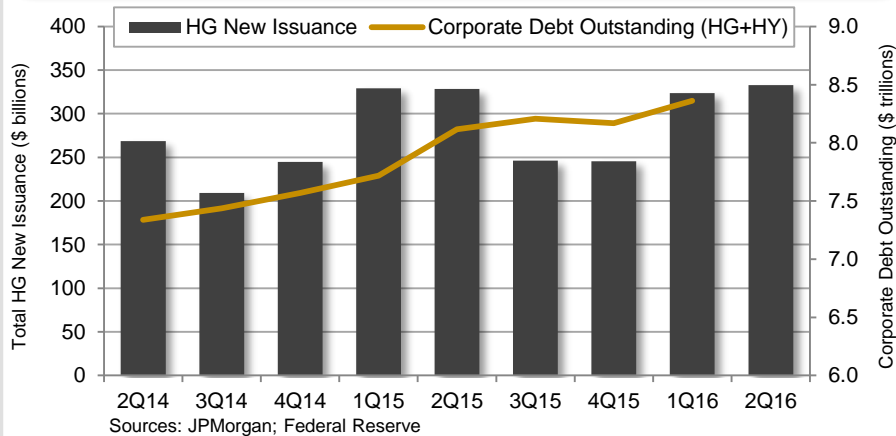
U.S. High-Grade & High-Yield TRACE¹



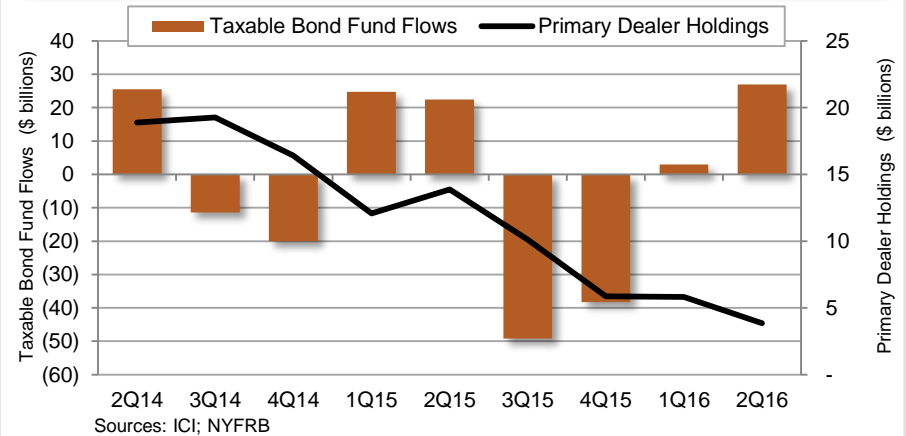
Liquid U.S. Corporate Index (LUCI)



New Issuance & Corporate Debt Outstanding



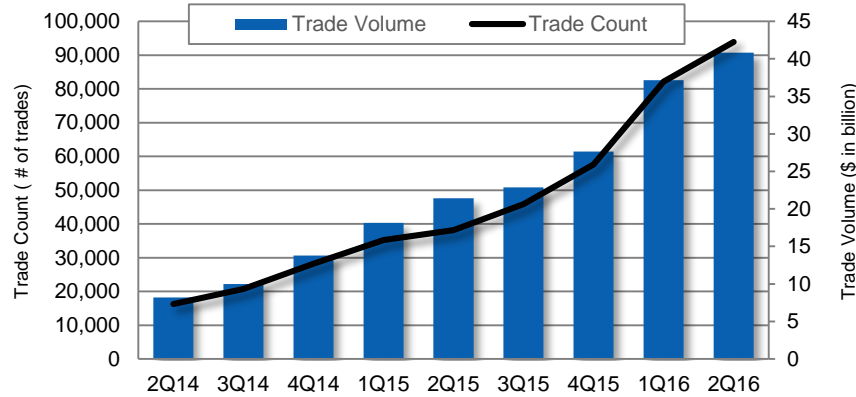
Taxable Bond Fund Flows & Primary Dealer Holdings²



¹ FINRA TRACE volumes have been adjusted to eliminate the increased reporting of affiliate back-to-back trades from April 2014 to October 2015 and includes 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

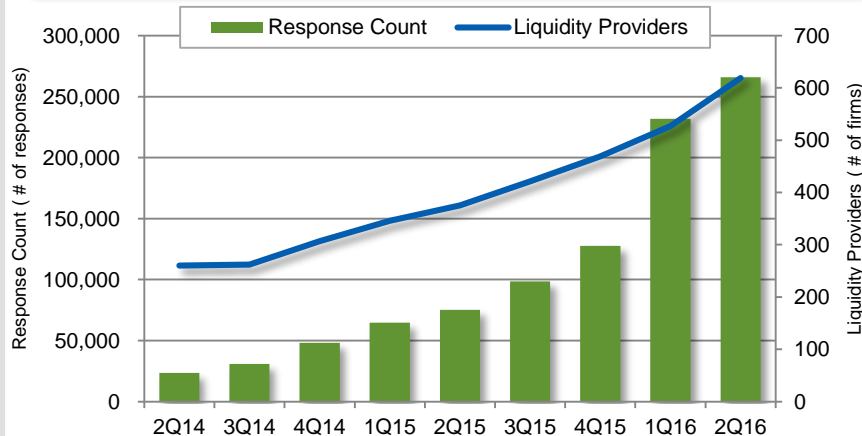
Open Trading Growth



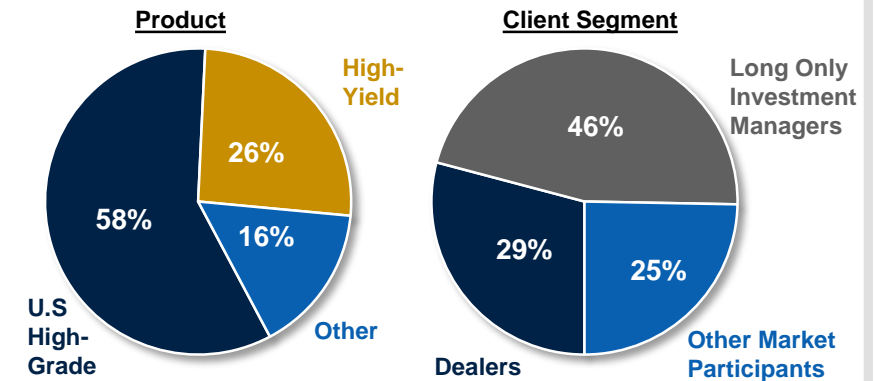
Highlights

- \$639 million average daily volume, up 86% from 2Q15
- Over 93,000 total Open Trading transactions completed in 2Q16, up from 38,000 in 2Q15
- Over 265,000 price responses in 2Q16, up 254% from 2Q15
- Estimated system-wide liquidity taker total cost savings of \$27 million in 2Q16¹

Market List Response Count & Liquidity Providers



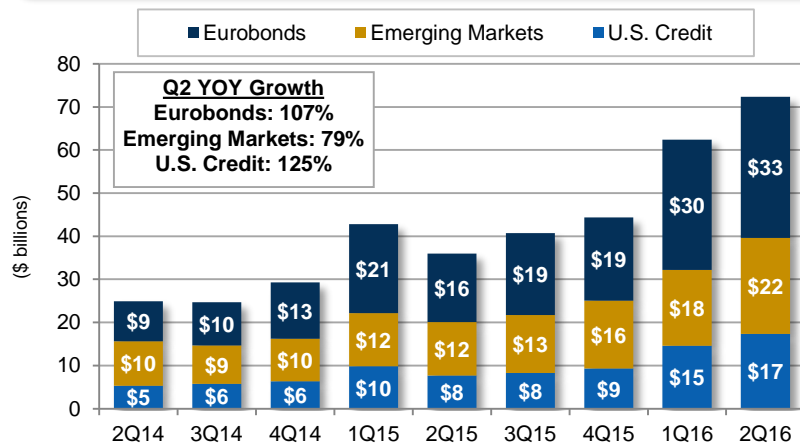
2Q16 Market List Liquidity Provider Trade Volume Breakdown



Note: Based on 2Q16 trade volume of firms winning Market List trades

¹ Activity is for Market List-winning trades only. Cost Savings is defined as the difference between the best cover (non-winning) level from a disclosed dealer and the winning level times the quantity across all anonymous trades. Products include U.S. high-grade, high-yield, emerging markets and eurobonds.

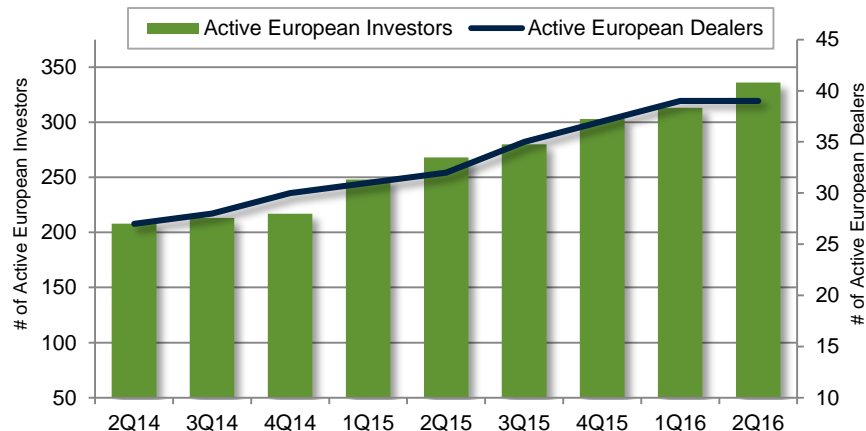
European Client Volumes



Trading Highlights

- European client volume up 101%
- Share gains driving Eurobond volume growth; estimated Eurobond market volumes as reported by Trax up 11%
- 336 active clients in 2Q16, up 25% from 2Q15
- 225 European client firms trading 3 or more products in 2Q16, up 43% from 2Q15
- Trax data products now fully integrated into the trading platform to enhance price discovery

Active European Investor and Dealer Firms



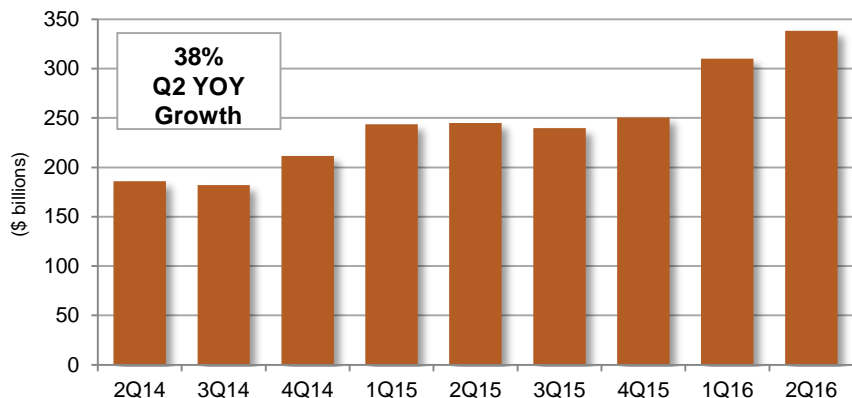
Data Products Highlights

- Data revenue up 22% from 2Q15 in local currency
- Enhancements made to Axess All™ platform – the first European trade ticker
- Now delivering Relative Liquidity Scores to enhance pre-trade analytics
- Newly available Transaction Cost Analysis – Monthly analysis for trades completed on MarketAxess

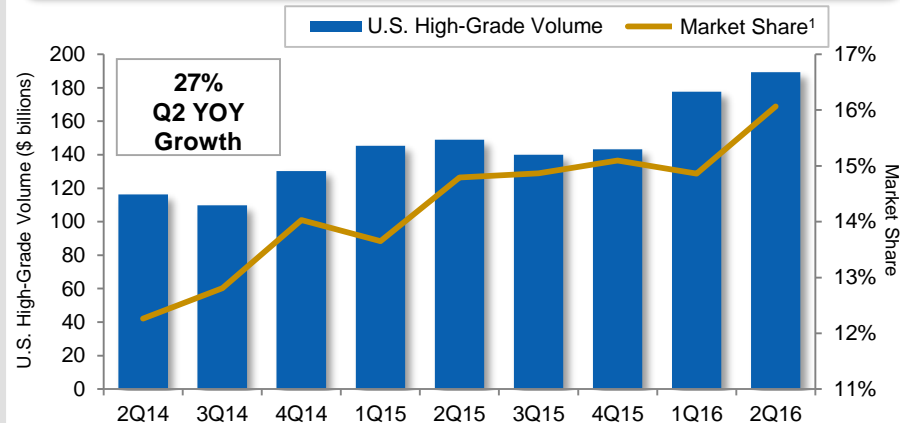
Quarterly Volume



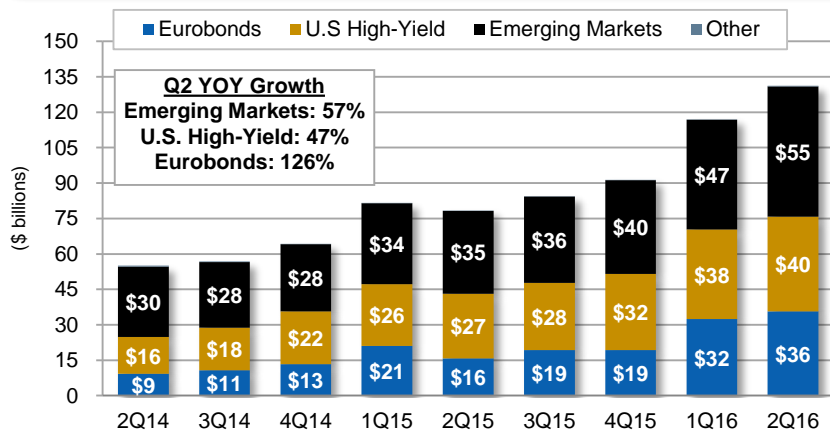
Global



U.S. High-Grade

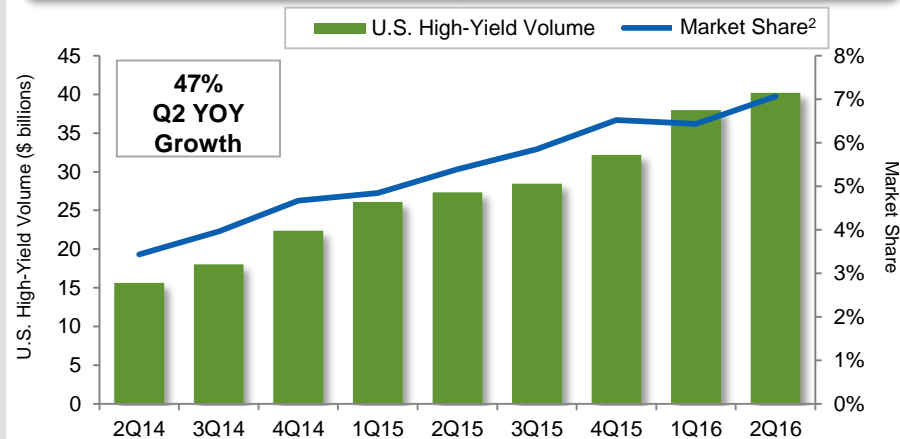


Other Credit



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

U.S. High-Yield



¹ FINRA TRACE volumes have been adjusted to eliminate the increased reporting of affiliate back-to-back trades from April 2014 to October 2015 and include 144A securities. See Investor Relations-Volume section of Company website.

² FINRA TRACE volumes include 144A securities. See Investor Relations-Volume section of Company website.

Earnings Performance



(In thousands, except per share data)

	<u>2Q16</u>	<u>1Q16</u>	<u>2Q15</u>	<u>Δ</u> <u>2Q16 vs.</u> <u>2Q15</u>
Revenues				
Commissions	\$ 86,239	\$ 79,093	\$ 66,412	29.9%
Information and Post-trade Services	8,586	7,779	7,632	12.5%
Investment and Other Income	1,814	1,701	1,447	25.4%
Total Revenues	<u>96,639</u>	<u>88,573</u>	<u>75,491</u>	28.0%
Expenses	<u>46,088</u>	<u>44,203</u>	<u>38,432</u>	19.9%
Income Before Taxes	<u>50,551</u>	<u>44,370</u>	<u>37,059</u>	36.4%
Provision for Income Taxes	<u>17,425</u>	<u>15,407</u>	<u>12,821</u>	35.9%
Net Income	<u>\$ 33,126</u>	<u>\$ 28,963</u>	<u>\$ 24,238</u>	36.7%
Operating Margin	52.3%	50.1%	49.1%	3.2 pts
EBITDA¹	\$ 55,091	\$ 49,051	\$ 41,662	32.2%
Diluted EPS	\$ 0.88	\$ 0.77	\$ 0.64	\$ 0.24
Diluted Shares²	37,748	37,671	37,642	0.3%

¹ See second quarter 2016 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



(\$ in thousands)	2Q16	1Q16	2Q15	% Δ 2Q16 vs. 2Q15
Commissions				
Transaction Fees				
U.S. High-Grade	\$ 35,771	\$ 31,568	\$ 26,439	35.3%
Other Credit ¹	33,826	30,921	23,477	44.1%
Liquid Products ²	678	620	690	(1.7%)
Total Transaction Fees	70,275	63,109	50,606	38.9%
Distribution Fees				
U.S. High-Grade	14,297	14,224	14,084	1.5%
Other Credit ¹	1,471	1,500	1,467	0.3%
Liquid Products ^{2,3}	196	260	255	(23.1%)
Total Distribution Fees	15,964	15,984	15,806	1.0%
Total Commissions	\$ 86,239	\$ 79,093	\$ 66,412	29.9%
(\$ in millions)				
Trading Volume				
U.S. High-Grade	\$ 189,327	\$ 177,726	\$ 148,963	27.1%
Other Credit ¹	131,168	116,974	78,304	67.5%
Liquid Products ²	17,781	15,320	17,473	1.8%
Total Trading Volume	\$ 338,276	\$ 310,020	\$ 244,740	38.2%
Transaction Fees per Million				
U.S. High-Grade	\$ 189	\$ 178	\$ 177	6.5%
Other Credit ¹	258	264	300	(14.0%)
Liquid Products ²	38	40	39	(3.4%)
Total	\$ 208	\$ 204	\$ 207	0.5%

¹ Other Credit includes high-yield, emerging markets, Eurobonds and municipal 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>2Q16</u>	<u>1Q16</u>	<u>2Q15</u>	<u>% Δ</u> <u>2Q16 vs.</u> <u>2Q15</u>
Employee Comp. and Benefits	\$ 25,815	\$ 24,527	\$ 20,593	25.4%
Depreciation and Amortization	4,540	4,681	4,603	(1.4%)
Technology and Communications	4,277	4,304	3,967	7.8%
Professional and Consulting	4,245	3,862	3,011	41.0%
Occupancy	1,225	1,161	1,232	(0.6%)
Marketing and Advertising	1,824	1,778	1,764	3.4%
General and Administrative ¹	4,162	3,890	3,262	27.6%
Total Expenses	\$ 46,088	\$ 44,203	\$ 38,432	19.9%

¹ Includes clearing costs of \$2.0 million, \$1.8 million and \$0.7 million for the three months end June 30, 2016, March 31, 2016, and June 30, 2015, respectively.

Balance Sheet Data



(\$ in thousands)

	<u>6/30/2016</u>	<u>12/31/2015</u>	<u>% Δ vs. 12/31/2015</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 153,275	\$ 199,728	(23.3%)
Investments	146,330	84,706	72.8%
Accounts Receivable, net	62,860	40,459	55.4%
All Other Assets	<u>114,650</u>	<u>114,148</u>	0.4%
Total Assets	<u>\$ 477,115</u>	<u>\$ 439,041</u>	8.7%
<u>Liabilities and Stockholders' Equity</u>			
Total Liabilities	\$ 40,964	\$ 48,328	(15.2%)
Total Stockholders' Equity	<u>436,151</u>	<u>390,713</u>	11.6%
Total Liabilities and Stockholders' Equity	<u>\$ 477,115</u>	<u>\$ 439,041</u>	8.7%

- **Cash, Cash Equivalents & Investments represented \$7.94 per share on a diluted basis as of 6/30/16**
- **Total Shareholders' Equity was \$11.55 per share on a diluted basis as of 6/30/16**

- **Record revenue, pre-tax income and EPS**
- **Record trading volume and strong market share gains across each of our core products**
- **Open Trading momentum continues**
- **Growing revenue and earnings momentum from the European region**