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PRESENTATION

Operator

Ladies and gentlemen thank you for standing by. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session. (Operator Instructions). As a reminder, this conference is being recorded Wednesday, July 28, 2010. I would now like to turn the call over to [Dave Cresci], Investor Relations Manager at MarketAxess.

Dave Cresci - *MarketAxess Holdings Inc. - IR*

Good morning and welcome to the MarketAxess second quarter 2010 conference call. For the call Rick McVey, Chairman and Chief Executive Officer, will review the highlights for the quarter. Kelley Millet, President, will provide an update on trends in our businesses and then Tony DeLise, Chief Financial Officer, will review the financial results.

Before I turn the call over to Rick, let me remind you that today's call may include forward-looking statements. These statements represent the Company's beliefs regarding future events that, by their nature, are uncertain. The Company's actual results and financial condition may differ materially from what is indicated in those forward-looking statements.

For a discussion of some of the risks and factors that could affect the Company's future results, please see the description of risk factors in our annual report on Form 10-K for the year ended December 31, 2009. I would also direct you to read the forward-looking disclaimers in our quarterly earnings release which was issued earlier this morning and is now available on our website. Now, let me turn the call over to Rick.

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

Good morning and thank you for joining us to discuss our second quarter 2010 results. We're pleased to report another set of strong quarterly results with record revenues of $35.3 million, up 37% from a year ago and record pretax income of $11.9 million, 107% above second quarter of 2009. The strong revenue growth combined with operating leverage led to a marked improvement in operating margins to approximately 34%.

EPS of $0.18 was more than double year-ago levels.

Variable transaction fees were the largest contributor to revenue growth and were up 53%, driven by a combination of volume and fee per million growth. Fee capture remained strong, reflecting additional contributions from our regional dealer fee plan. Total trading volume of $98 million was 47% above one year ago. Investor order flow into this system was up 30% and we now have 80 market making dealers up from 60 one year ago.

Slide four displays some detail on our financial strength. For the trailing 12 months ended June 30, 2010, EBITDA and free cash flow were both approximately $50 million, in each case more than double the levels from one year ago. Trailing 12 months operating margin expanded to 32%. Our cash and securities balance at June month end was $188 million or $4.75 per diluted share.

When assessing alternatives for deploying our capital we have four priorities. Our first priority is to grow the business by investing in both existing products and new product opportunities, such as CDS. We continue to evaluate additive acquisitions in the e-trading, market data or trading technology space.

We're returning capital to our shareholders through our regular quarterly cash dividend. The board has approved our fourth quarterly dividend of $0.07 per share. Finally, we recently announced a $30 million share repurchase program. The buyback was principally established to offset the increase in our diluted share count. The repurchase program started in July and is expected to be accretive.

Slide five provides an update on the current regulatory reform and our credit default swap platform. On July 21, the financial regulatory reform bill was signed which contains two important mandates regarding electronic trading of OTC derivatives. First, standardized swaps must be cleared by an approved clearing organization, and second, clearable swaps must be traded on an exchange or swap execution facility.

We believe the new regulations will create a stronger and sounder OTC derivatives market. The ultimate result is likely to be a larger OTC swap market with a broader set of industry participants. We intend to register and operate as a swap execution facility which will be regulated by the SEC and [CSEC].

Although the rulemaking process is expected to take approximately 12 to 18 months, we're preparing now for the transition to e-trading for standardized swaps. Based on data published by the DTCC trade warehouse, we estimate that the total average daily trading volume in the client to dealer CDS market is approximately $50 billion to $60 billion including index and single [main] swaps. We currently expect the e-trading mandate to apply to 50% to 75% of the daily CDS volume.

We believe our proven credit trading technology and our large institutional credit trading network are valuable assets in the CDS space. We're focused on this opportunity. Now, let me turn the call over to Kelley for more detail regarding our second quarter business results.

Kelley Millet - *MarketAxess Holdings Inc. - President*

Thank you Rick. Slide six provides an update on market conditions. Through the second quarter credit market conditions weakened slightly, demonstrated by an increase in credit spreads and credit spread volatility along with softer new issuance volume.

High grade credit spreads, as measured by the Credit Suisse LUCI Index, ended the quarter at 158 basis points above [treasuries], an increase from 118 basis points at the end of the first quarter. And credit spread volatility was 6.5% at June month end, up from 3.8% at the end of March.

Nongovernment guaranteed new issuance declined to $106 billion during the second quarter to their lowest level since the fourth quarter of 2008. Taxable bond and corporate bond ETF inflows remain positive but have slowed.

Slide seven summarizes the trading volume across our product categories. Overall global volume was up 47% year-over-year to $98.3 billion. Despite more challenging market conditions during the second quarter, where US high-grade head rates were down slightly but in line with fourth quarter 2009 levels, market share grew to 8.1%.

Eurobond volumes declined 3% from the second quarter of 2009 and 20% from the first quarter of 2010. Europe continues to face a challenging market environment due principally to sovereign debt concerns. We have seen a rapid increase in volatility and spreads as measured by the Credit Suisse Liquid Eurobond Index and retail bond outflows in the region.

The other product category volumes increased to $27.4 billion, up 74% from the second quarter of 2009 and 26% from the first quarter of this year. The increase was driven by another quarter of strong growth in agencies and emerging market volumes.

Slide eight highlights the revenue drivers of the business. The increased volatility, slowdown in new issuance and taxable bonds on inflows led to a 10% decline in US high-grade trades average daily volume compared to the first quarter of 2010. Our variable transaction fees were up modestly from the first quarter of this year as the decline in overall market trading activity was more than offset by the increase in US high-grade marketshare and continued fee capture strength.

Global fees per million of $175 remained flat for the second quarter reflecting the continued positive impact of the regional dealer fee plan. The $17.2 million in variable transaction fees accounted for 58% of total commission, reflecting a healthy mix in our business and the inherent earnings leverage from our variable plans. Distribution fees remained stable and we expect them to be relatively unchanged in the second half of 2010.

Slide nine highlights our improved client and dealer participation. As Rick mentioned earlier, our total market making dealer count now stands at 80 dealers, up from 60 one year ago.

Importantly, new dealer activity helped to improve liquidity for our institutional clients and enhanced our variable fee per million capture. Recent credit market volatility again highlights the importance of the increasing participation of the new dealers. 14% of the volume and 21% of the trade counts were executed by new dealers in the second quarter. The new dealer activity by volume more than doubled from a year ago.

We're pleased with the overall (inaudible) account growth along with the increase in the number of investor firms that traded on the system across all product categories.

Slide 10 highlights our technology and information services, Eurobond and other trading categories. A record quarter from Greenline Financial Technologies led to a 38% increase in technology and information services revenue versus the second quarter of last year. We're seeing attractive growth in software sales and maintenance as well as in professional services.

[Driver] related event risk impacted European market conditions in the second quarter. Our Eurobond commission revenues were flat compared to the second quarter of 2009 and down 15% from the first quarter of 2010. We've taken steps to improve our competitive position in Europe, including expanding the range of trading protocol offerings, including click to trade, and by increasing free-trade price transparency for our clients by better integrating market data into our system.

The European credit trading market is indeed different from the US market, due to a higher portion of trading volume that is composed of high ticket count, retail oriented clients. With our new trading protocol we have effectively expanded our addressable market and expect to be able to capture more of this volume over time. Finally, other commissions increased 37% from the second quarter of last year and other volumes were up 74% driven primarily by US agencies and emerging markets.

Now, let me turn the call over to Tony to discuss the financial results.

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Thank you Kelley. Please turn to slide 11 for our earnings performance.

Our record revenue of $35.3 million increased 37% from a year ago primarily driven by driven by trading volume improvements. Total expenses were $23.5 million, up 17% from the second quarter of 2009 largely due to higher employee compensation costs.

Income before taxes was a record $11.9 million, up 107% from the second quarter of 2009. Incremental margins for the first half of 2010 versus the first half of last year was 63%. This means that $0.63 of every additional revenue dollar fell to the pretax income line.

Our effective tax rate for the second quarter of 2010 was 39.5% and consistent with the rate we reported in the first quarter.

We expect our full-year tax rate to be in the range of 39% to 41%, reflecting the benefits of the state tax modification that we discussed at year-end. Our diluted earnings per share of $0.18 was the highest quarterly EPS we have generated as a public company.

On that slide 12 we've laid out our commission revenue trading volume and fees per million. Distribution fees of $12.3 million were up $1.7 million from the second quarter of 2009 due principally to the addition of several major dealers over the past year. Excluding any migration of a regional dealer up to the major plan, we expect the distribution fees in the second half of the year will be consistent with the first half of the year.

Global fees per million were in line with the first quarter and up slightly from the second quarter of 2009. At a more detailed level, the increase in US high-grade fee capture versus the first quarter of 2010 and the second quarter of 2009 was due largely to the higher commissioned rate under the regional dealer fee plan.

In connection with the click to trade launch the Eurobond fee plan was revised and a standard commission rate was established across most types of bonds. Going forward we expect the fee capture on European trading volume to be approximately $100 per million. The other product category fee capture declined versus prior period due to a larger percentage of volumes in products that carry a lower fee per million, principally agency bonds.

Assuming agency bond volume growth continues we would expect the fee capture in the other product categories to trend downward.

Slide 13 provides you with the expense detail. Employee compensation and benefits increased by $2.3 million from the second quarter of 2009 as a result of higher incentive compensation which is tied to operating performance and an increase in employee headcount. Employee headcount increased from 200 as of June 30, 2009 to 222 as of June 30, 2010.

The majority of the new hires related to the expansion in our dealer and client network and new initiatives. We expect to add additional resources in the second half of this year to support our CDF and other ongoing trading initiatives.

During our first-quarter call we indicated that our full-year 2010 expenses were trending toward the higher end of our guidance range. Based on our updated plans, we are revising our expense guidance for the year 2010 to a range of $94 million to $96 million.

On slide 14 we provide balance sheet information. Cash, cash equivalents and securities as of June 30 were $188 million or $4.75 per diluted share compared to $174 million at year-end 2009 and $145 million as of June 30, 2009. With the recent earnings performance we are quickly utilizing our US federal tax loss carry forward. At the current level of earnings, we would expect to be in a federal tax paying position during the second half of 2011.

Total stockholders' equity including the Series B preferred stock was $260 million as of June 30, 2010 representing book value on a diluted basis of $6.59 per share. We continue to have no bank debt. Now, let me turn the call back to Rick for some closing comments.

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

Our strategy to expand our trading network and our product capabilities is paying off with record revenues, earnings and cash flow. We're pleased with our growth rates and continue to believe that our operating leverage will drive earnings growth.

In addition to existing products, we're excited about the new opportunities emerging in the OTC derivatives space. We're actively investing to benefit from the regulatory changes and we believe the opportunities set for electronic trading in fixed income markets is getting larger. I would now like to open the call for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Hugh Miller, Sidoti & Company.

Hugh Miller - *Sidoti & Company - Analyst*

I was wondering -- you guys mentioned just quickly about the sequential increase in the US variable fee per million during the quarter. I was wondering if you could maybe just touch in a little bit more detail about kind of what is driving that.

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Sure; it's Tony. There are three things that typically drive the US high-grade fee capture. It is the contribution from the dealers under the regional -- participating under the regional program. It is also a duration and size mix. The size of trades over the platform also impact the fee capture. The third item is the contribution from the execution services desk.

And I just mention those three; it is really in those three priorities that drove the fee capture. So most of what you saw both compared to the first quarter and compared to the second quarter of last year was driven by an increase in the regional dealer execution fees that are generated under that program.

Hugh Miller - *Sidoti & Company - Analyst*

Okay. I guess considering there were 8 dealers that were added across the platform, can you just talk about the incremental benefit from them? Collectively what type of ability do you see in their collective -- the ability to add liquidity to the platform I guess collectively from these newer dealers?

Kelley Millet - *MarketAxess Holdings Inc. - President*

It's Kelley. As we referenced, we went from 60 market making dealers to 80 in the current period. I think they have a benefit in a number of different ways. First, to Tony's point, obviously with 14% of the volume and 21% of the count being executed by that group it adds and supports the high fee capture.

Secondly, what we have found as we have added these dealers is those dealers tend to have some specialization, either by industry segment or specific relationships with specific clients, or greater or more of effective performance in certain bucket sizes, specifically lower or smaller sized trade. So it is really a combination of those three things that we believe make that program important to what we're doing and continue to support the modest growth in share that we saw in the second quarter, as well as the continued strength in fee capture.

Hugh Miller - *Sidoti & Company - Analyst*

Okay. I guess considering some of the trends we've been seeing here with moderation of new asset flows into taxable funds and a couple of months of year-over-year declines in trades volume inclusive of July here. But could you just talk about the Company -- the confidence level in the Company's ability to grow market share to kind of offset some of these headwinds and what kind of -- you think has to happen in order to get back to maybe a double-digit type market share in the US?

Kelley Millet - *MarketAxess Holdings Inc. - President*

Sure; again it's Kelley. I think if you look back historically, if you recall that as we peaked in our market share that was double-digit, a substantial portion of that, nearly 3% of that was driven by the FRN are in business. To this point there is a FRN business in the market place and less at risk FRN business.

So to your point as we look at our fixed share at 8.1% or thereabout, which is close to an all-time high, we tackle this in a number of fairly straightforward ways. The first is to improve the size and quality of the network by adding new dealers, as we discussed, by documenting and having a material number of new clients trading at least once actively on the system, so it is connecting and obviously expanding that network.

In addition, there's a lot of ongoing work from an STP and connectivity standpoint to ensure we're more fully integrated into the buy side or to management systems, and straight through processing and efficiency benefits for both the buy side and the sell side. And then obviously we look for ways to utilize technology especially in the smaller size trades to take advantage of less resistance in those smaller trade sizes. There are a number of technology initiatives in place to make responses to -- and hopefully the quality and quantity of responses to client inquiries in those smaller trade sizes more effectively.

Hugh Miller - *Sidoti & Company - Analyst*

Great color there. Just a question or two on Europe. I think you mentioned about the variable fee per million there trending down because of the focus on some of the retail trading activity going on there. I think you mentioned about $100 million in fee capture. Do you anticipate that will be something that will drive quickly to that level 3Q or towards that level as you ramp up activity on that type of a trade?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

It's Tony. On the fee capture in connection with the launch in early June we did make an immediate change to the fee grid. So, you're going to see -- beginning with Q3 you should see that capture closer to $100 per million as we've made that fee change across most of the products.

And really we did it in conjunction with both protocols, so both the click to trade sort of indicative live market protocol as well as the request for quote protocol. Both of those will have a similar or standard fee grid.

Hugh Miller - *Sidoti & Company - Analyst*

Last question I had is, I guess looking at some of the volume in Europe, can you talk to us about whether or not you think -- I realize there's not a trace reporting system to gauge as much as you can do in the US. But can you talk about what you think -- whether or not a shift more towards telephone-based trading given some of the malaise that's going on there or just maybe a reduction in overall activity?

Kelley Millet - *MarketAxess Holdings Inc. - President*

It's Kelley. These are conversations with my dealer colleagues in London. Their collective view is that, number one, overall trading volumes in Europe were depressed especially in this sort of peak of the recent sovereign debt crisis through that period of four to six weeks and including in anticipation of stress test results that are just out.

In addition as I got a little bit more granular they also said that the total volume of e-trading across a number of platforms was down as well. So to your point, not only was aggregate volume down but there was more of that volume being traded more on an agency basis by phone.

We would expect, but again it is just a view, that with the stabilization at least currently in sovereign debt spreads as well is what appears to be a reasonable market acceptance of the European stress test results, that European market conditions should stabilize. And that hopefully, if they do, we have the right tools as I said earlier to capture more of the addressable market in the European market place.

Hugh Miller - *Sidoti & Company - Analyst*

Thanks so much.

Operator

Chris Donat, Sandler O'Neill.

Chris Donat - *Sandler O'Neill - Analyst*

Good morning everyone. Rick to move on to the opportunity from the financial reform in the US, and I know it is early here, but it seems to be one unique opportunity that you have over really how you positioned yourself is with the buy side relationships, with the institutional investors and the dealers. Can you give us some flavor of what kind of conversations you're having with people as you position for being a swap execution facility both from the institutional side and the dealer side?

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

Sure, I would be happy to. I think as you point out it is early days. We have broad principles established so far in the reform bill and many unknown details to follow in the rulemaking process from the key regulators. So we do think it is probably 12 to 18 months before the rules are finalized and implemented, and given the amount of uncertainty in the details, there is not a lot of knowledge yet on exactly how this will play out in terms of clearable swaps, and swap execution facilities and major market participants.

Having said that, I think everyone realizes there's likely to be a significant transition to e-trading for major market participants and financial institutions in standardized swaps. As we look into the detail from DTCC in the CDS space, a significant portion of the CDS volume is that what we consider to be standardized swaps, either the indices or the actively traded names. So I think institutional clients as well as dealers are starting to prepare for a fairly significant transformation in the CDS market that will entail a significant increase in the amount of electronic trading activity.

Chris Donat - *Sandler O'Neill - Analyst*

Okay. I'm trying to see if I can get a little deeper on what the institutions are looking for from the market, if they're more interested in solutions that aren't through the traditional dealer relationships that they have, the voice based ones, and looking more electronically now, or if they have been on hold for a bit waiting for the regulation. Or -- there is just a ton of uncertainty.

Kelley Millet - *MarketAxess Holdings Inc. - President*

This is Kelley. There has been a high degree of uncertainty, obviously, just into the fundamental things such as the definition of a clearable swap. I think there's a lot of dialogue around but no certain outcome about where one thinks such securities or CDS will trade.

As you know, the indices tend to be the more liquid, larger size trade. There is some discussion within the dealer and buy side community that questioned whether that can trade in a true exchange model. Even with the liquidity, there is some skepticism that there is not sufficient continuous liquidity for that to occur.

The feedback we have gotten from both sell side and buy side, and it is very preliminary, is that they could imagine a handful of different protocols. There could be something along the lines of a request for streams, where people provide live prices for a very brief period of time and then refresh. There could be a more traditional request for market where they ask for a bid and an offer without disclosing the buy side size intent or market (inaudible) and then from there launch an RFQ. Or simply launch an RFQ with the typical benefits of price discovery and all of the inherent straight through processing and efficiency, most likely with shorter timers or shorter at risk period versus the cash market.

So our job is to ensure from both a sales perspective as well as from a technology perspective that we can deliver multiple protocols soon, such that as the market evolves more towards an accepted standard of execution we are fully prepared to capture that business.

Chris Donat - *Sandler O'Neill - Analyst*

Got it. That's helpful. Is that -- if I connect the dots here appropriately, is that part of the additional headcount and resources and your spending for the remainder of this year?

Kelley Millet - *MarketAxess Holdings Inc. - President*

As Tony mentioned it's principally associated with the new initiatives, most notably CDS. Not surprisingly there is a significant portion of that in our technology world, as we have a dedicated CDS technology group as well as some other elements of the CDS strategy from both a regulatory, marketing and sales perspective.

Chris Donat - *Sandler O'Neill - Analyst*

Thanks very much.

Operator

Howard Chen, Credit Suisse.

Howard Chen - *Credit Suisse - Analyst*

Good morning everyone. One for Rick or Kelley to kick off, I guess back to broader financial services reform, Rick, as you noted very early days; but specifically what are the key provisions you're going to watch during this rulemaking process? What should we be watching to gauge just how big of a potential winner this can be for you?

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

Great question. I think a number of pieces are important to determine the likely opportunity for MarketAxess in the e-trading space. One is which swaps will in fact be clearable. The clearable swaps are the ones that trigger the e-trading requirement. So there's detail to follow in terms of what percentage of the swap market ultimately will be clearable by one of the clearing organizations.

Secondly, I think there is important detail to follow on the exact principles around swap execution facilities. We are very confident that we will qualify as a swap execution facility. We don't know yet how broadly those rules will be written and how many other swap execution facilities are likely to be in the market. So I think that is an important piece as well.

We think that the definitions around major market participants that are subject to the e-trading mandates are more clear currently. And the way we see that is most significant players in this CDS space are probably going to be in the major market participant category and be required to trade their swaps electronically. So those are some of the areas we're watching closely in terms of determining ultimately what the e-trading opportunity looks like for us.

I would say also we remain confident that we will see, on the back of standardization of swap contracts, a central clearing and more transparency; a broader set of industry participants without the significant concerns around bilateral credit risk. We think the OTC derivatives market will allow more market makers to participate actively in the market and we continue to believe that more institutional investors will utilize the OTC derivative market more actively.

So I think that is the other important piece, Howard, is what ultimately do the overall market volumes look like on the back of these changes in our view is currently that we will see growth there as well.

Howard Chen - *Credit Suisse - Analyst*

Thanks that's very helpful. It feels like the Company will continue to do this relatively de novo with what you've got, an organic buildout; but just your thoughts on the acquisition landscape and do you think just now that we have the passage of legislation that that could accelerate industry consolidation?

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

Yes. Another good question. I think as we pointed out several times to date, we think our organic growth opportunity is growing. So that continues to occupy most of our time and attention is capitalizing on that larger addressable market.

As you know, in the e-trading landscape there just are not that many viable entities in the market place currently, so there are limited opportunities in the e-trading space for acquisitions although we continue to look at them. It remains to be seen.

Swap execution facilities will require, we think, new staff in order to manage the regulatory responsibilities that go with that. And it is certainly possible that you will see an increase in consolidation in order for companies to build the scale and critical mass to make it more cost effective to participate in the new regulatory regime.

Howard Chen - *Credit Suisse - Analyst*

Great, thanks Greg. Final one from me, I know there's a few things going on in that other bucket. Tony you touched on how to think about the impact of agency growth on the revenue capture. But I guess more broadly, could we get a flavor for what is going on within the big buckets of other? Obviously US agency is continuing to be good market share story, but also kind of high yield in the EM business as well.

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

As you know, we don't breakout specific detail. With that being said we have seen a good performance in our EM market. I think I lot of that is a function -- as you know, the market has been very robust and that a lot of what trades in the EM bucket now is investment grade whether it is in Latin America, parts of Asia as well as in parts of Europe. We like that business and we're continuing to push to grow that business not only outright in the US but working with European customers in order to trade that emerging markets product as well.

We're seeing signs of a more stable high yield environment from a market making and risk-taking standpoint. And we're seeing some signs of improvement in our own activities there. That is a real focus.

In addition to a number of the other things that we addressed, including US marketshare, our trading and execution businesses, our information and technology businesses, but high yield has a very high fee capture and therefore we're spending some special attention to address some of the specific issues, being both dealer and client issues as well as [modest] technology issues to look to continue to accelerate that growth.

I mean ultimately if the fee capture is declining a bit, it's a function of the agency businesses doing well. So I take away from that situation a strength, and a growing market and increase in revenue obviously in that other category.

Howard Chen - *Credit Suisse - Analyst*

Okay, thanks very much for taking the questions.

Operator

(Operator Instructions) [Michael Wong], Morningstar.

Michael Wong - *Morningstar - Analyst*

Good morning. In terms of your swap execution facility, are you looking at any other swaps beside CDS and will your swap execution facility have any type of hybrid broker component?

Kelley Millet - *MarketAxess Holdings Inc. - President*

Two good questions. Given that our primary focus has always been credit, CDS is the logical extension for us into the CDS space. Having said that, we would not exclude other types of derivatives -- derivative contracts including the interest rate swap market. But I think you should expect us to focus primarily on the CDS space.

Michael Wong - *Morningstar - Analyst*

Okay. And I guess this wasn't touched upon, but were there any material impacts this quarter due to changes in exchange rates?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

This is Tony. On the FX impact it really was not that significant in the second quarter, either versus the first quarter of 2009 or the second quarter of 2009. From a revenue standpoint, the foreign exchange impact was less than $200,000 and on the expense side it was right around $100,000. So revenues were approximately $200,000 lower because of the strengthening of the dollar versus the pound principally.

Michael Wong - *Morningstar - Analyst*

Okay, thanks for that. In terms of -- can you just go into a little bit more of why you are making the European fee change? (multiple speakers) (inaudible) [Is it a real] competitive environment over there and you just need to be priced more for the market?

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

When we introduced the new click to trade, or what is a sort of live market hitter list on a dealer price stack, we assess the competitive environment for that specific trading protocol. And it was the assessment that the approximate $100 per million was appropriate given that competitive environment. Obviously we then, in looking at our leading RFQ request for quote platform, we did not want in a sense to have a pricing arbitrage within our own system.

But I will summarize my beliefs in Europe that a lot of the issues that we were faced with were European-based -- market based. We do believe that we'll see some stability going forward. We're very excited about expanding our trading protocols. Because as I said earlier, we generally believe that the European market is different.

As large private banking institutions, I think as you are aware in Switzerland, Germany, France, etc., are high volume sort of ticket oriented trading desks which don't in a sense lend themselves to the traditional request for quote protocol. So, by introducing this click to trade protocol, we open up that addressable market which is significant in the European arena and we think we can capture that addressable market -- more of that over time.

Michael Wong - *Morningstar - Analyst*

Sounds great. My final question, can you just reconcile your sequential revenue increase versus the large fixed income revenue declines at some of the major i-banks and broker-dealers? Is it just because you are a pure agency and maybe didn't have some excess outsized profits that needed to be taken away or whether you believe they were taking losses on their inventory?

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

I think if you look at our sequential increases it is coming from a number of areas. It does reflect the opportunity that lies ahead for e-trading, because even with the leadership position in the electronic trading market in the US for corporate bond trading we're still only 8% of the overall market. So there is plenty of opportunity to grow share and perform well even in an environment where the overall market may not be performing as well as it has in the recent past.

But I think if you look across the board, we did very well in a number of categories. We had a small market share increase in US high-grade. Kelley and Tony have spoken about the fee capture increase as our newer regional dealers become more active on the system. The other category is growing actively as we pointed out. And the contribution is coming from our technology and information service business is growing.

So, the nice part about our market position right now is we have many, many ways to grow revenues and earnings in any market environment. And I think you're seeing some of that coming through in the second quarter results.

Michael Wong - *Morningstar - Analyst*

Okay. Congratulations on a great quarter.

Operator

We currently have no more questions in queue at this time. I would like to turn the call over to Mr. Rick McVey for closing remarks.

Rick McVey - *MarketAxess Holdings Inc. - Chairman and CEO*

Thank you so much for joining us this morning and we look forward to talking to you next quarter.

Operator

Ladies and gentlemen thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Have a good day.