

MARKETAXESS

2Q17

CONFERENCE CALL & WEBCAST

July 26, 2017

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.

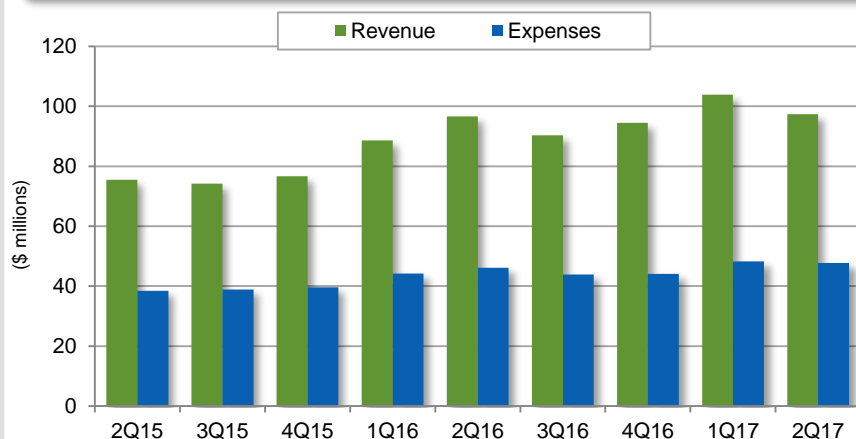
Earnings

- Revenues of \$97.3 million, up 0.7%
- Expenses of \$47.7 million, up 3.6%
- Pre-tax income of \$49.6 million, down 1.9%
- Diluted EPS of \$1.00, up 13.6% from \$0.88

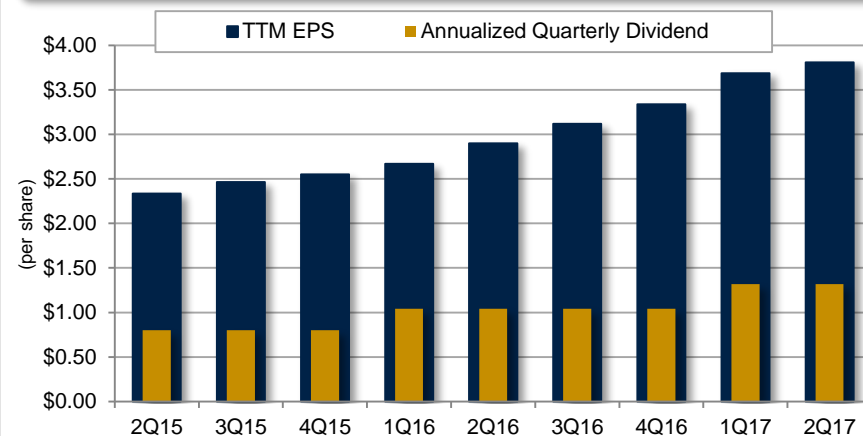
Business Highlights

- Total trading volume of \$361.5 billion, up 6.9%
- International client trading volume of \$92.2 billion, up 23.8%
- Estimated U.S. high-grade market share of 17.0%, up from 16.1%
- Emerging market trading volume of \$76.6 billion, up 39.2%
- Record Open Trading™ client participation and record percentage of total trading volume

Quarterly Revenue & Expense Trend

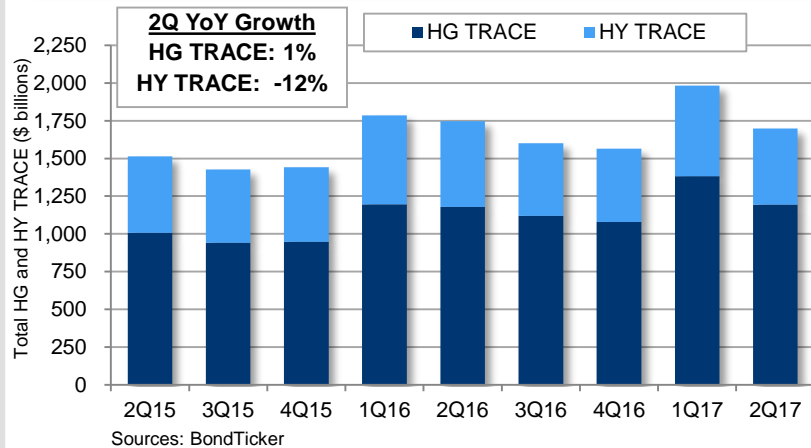


EPS & Dividend Trend

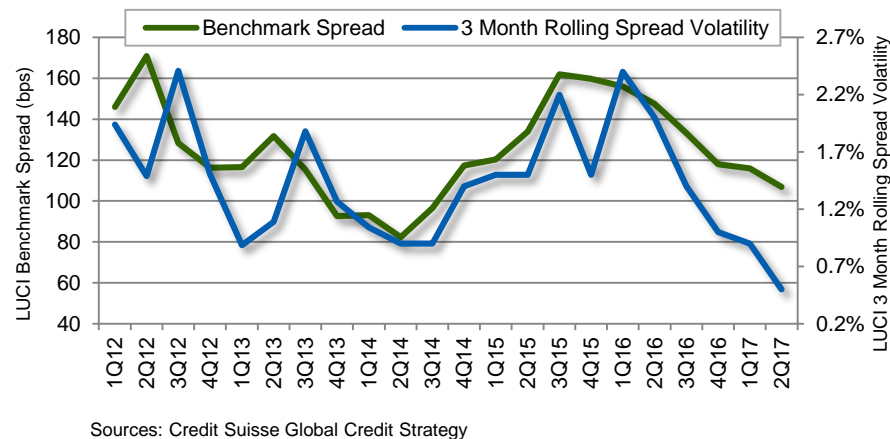


¹ All period comparisons versus 2Q16 unless otherwise stated.

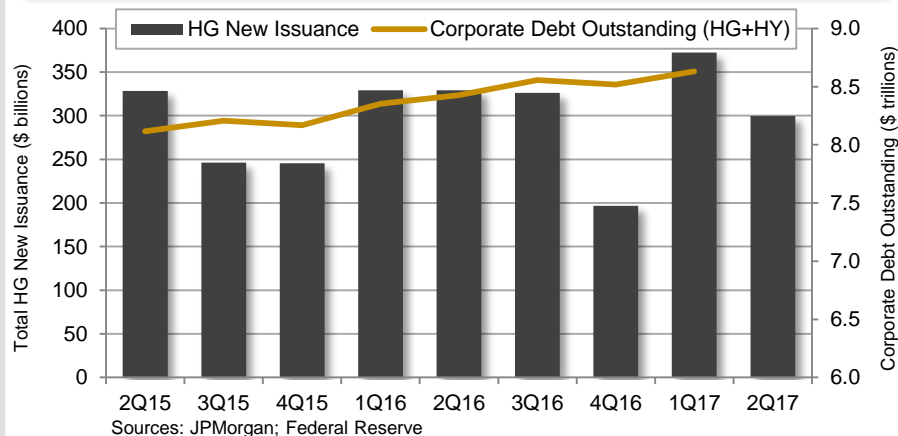
U.S. High-Grade & High-Yield TRACE¹



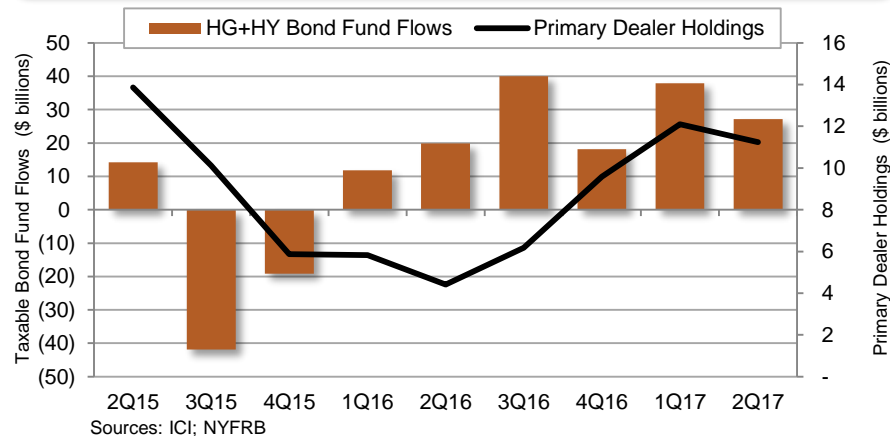
Liquid U.S. Corporate Index (LUCI)



New Issuance & Corporate Debt Outstanding



Corporate 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. 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

MarketAxess is well-aligned with regulatory objectives as global regulatory reform continues to provide a potential catalyst for fixed income electronic trading on regulated venues.

MiFID II Implementation

- Our MiFID II implementation program is well advanced ahead of January 2018 effective date
- MiFID II impact expected to increase adoption and use of e-trading venues
- MiFID II requires EU venues to adopt and publish non-discriminatory and objective fee structures

U.S. Regulatory and Tax Landscape

- SEC Chairman Clayton recently called for establishment of a Fixed Income Market Structure Advisory Committee focusing on market efficiency, effectiveness and transparency
- Timing and impact of any potential tax reforms on the U.S. corporate and municipal bond markets are still unknown

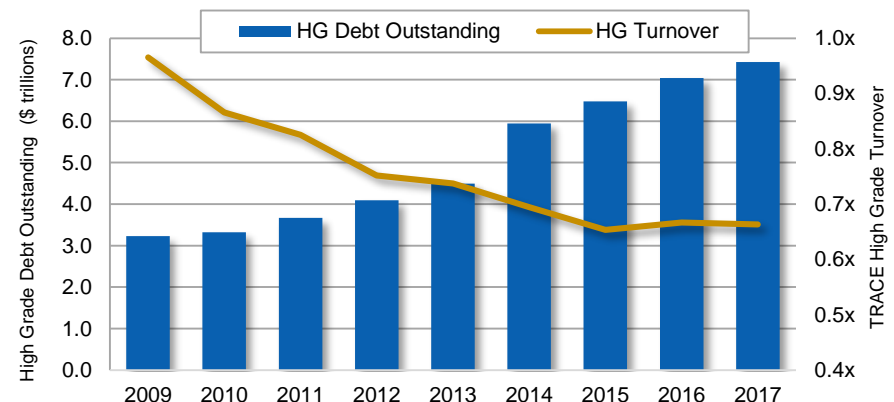
Brexit

- Brexit preparation well underway to allow MarketAxess to connect market participants across jurisdictions
- Proceeding with MTF registration in the Netherlands

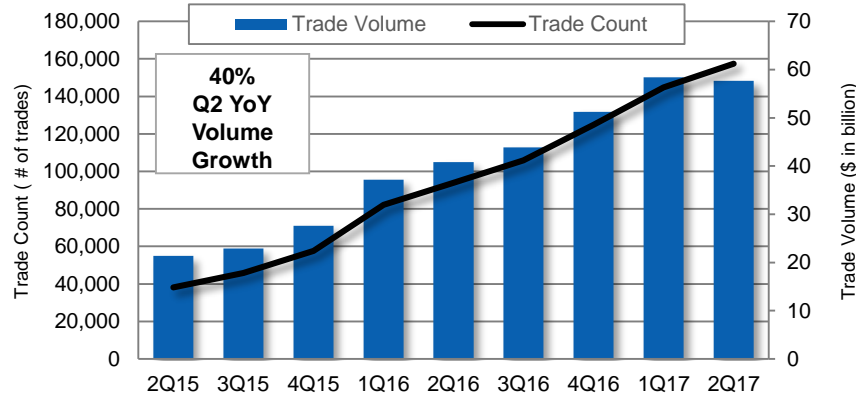
Central Banks

- General direction for Central Banks is toward increasing rates and reducing bond holdings on their balance sheets, both of which could be beneficial for trading activity and spreads

TRACE High Grade Debt Outstanding and Turnover



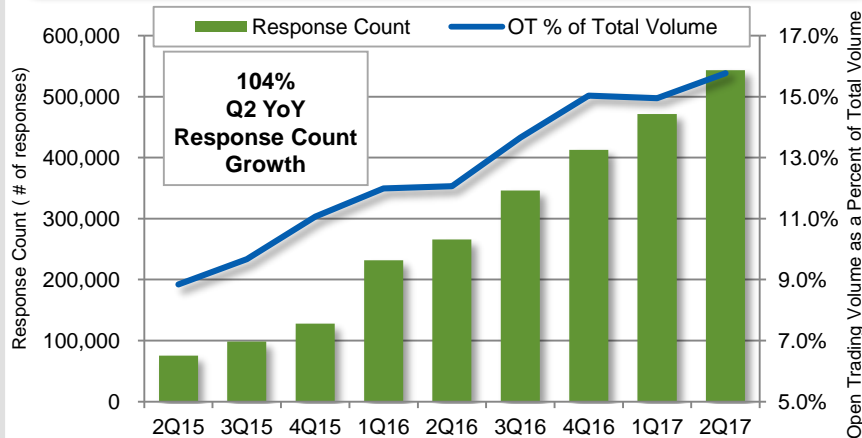
Open Trading Growth



Highlights

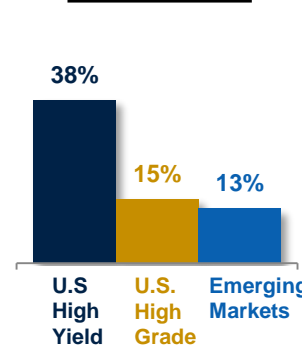
- \$907 million average daily volume, up 42% from 2Q16
- Approximately 157,000 total Open Trading transactions completed in 2Q17, up from 94,000 in 2Q16
- Over 543,000 price responses in 2Q17, up 104% from 2Q16
- Estimated system-wide liquidity taker total cost savings of \$22.4 million in 2Q17¹
- Dealer initiated trades now represent 23% of all Open Trading trade volume, up from 19% in 2Q16

Open Trading Response Count & % of Total Volume

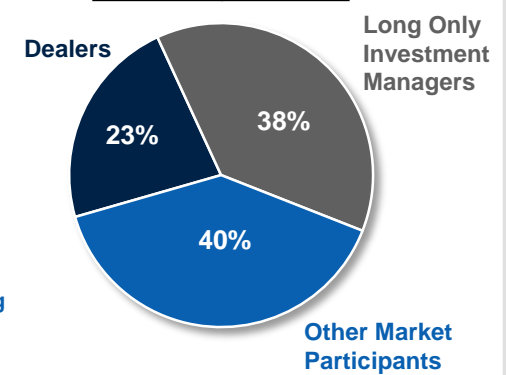


2Q17 Open Trading Breakdown

OT Volume as Percent of Product Volume



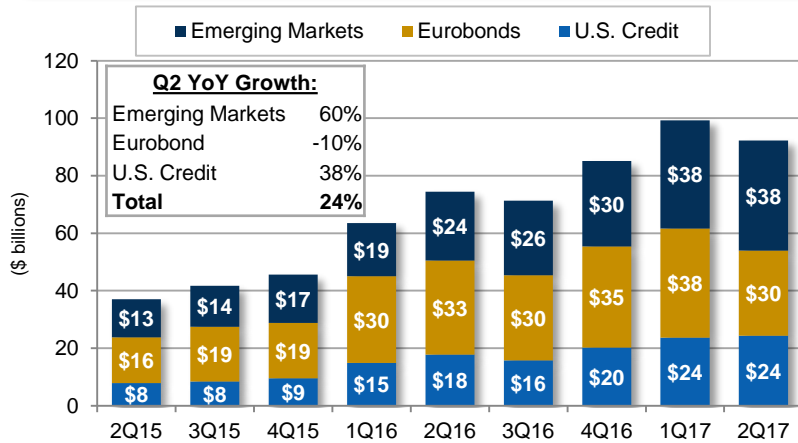
OT Liquidity Providers



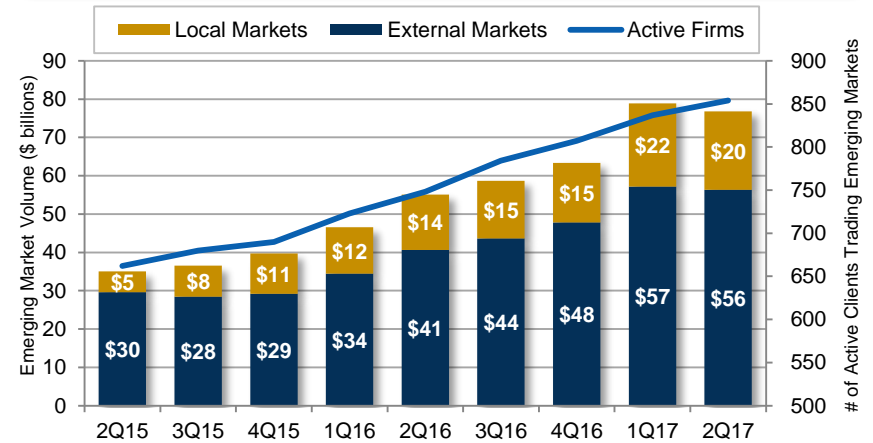
Note: Client segment based on 2Q17 trade volume of firms winning Market List trades

¹ Activity is for Market List trades only. Cost Savings is defined as the difference between the executed price versus the best price delivered from a disclosed dealer times the quantity across all anonymous trades. Products include U.S. high-grade, high-yield, emerging markets and eurobonds.

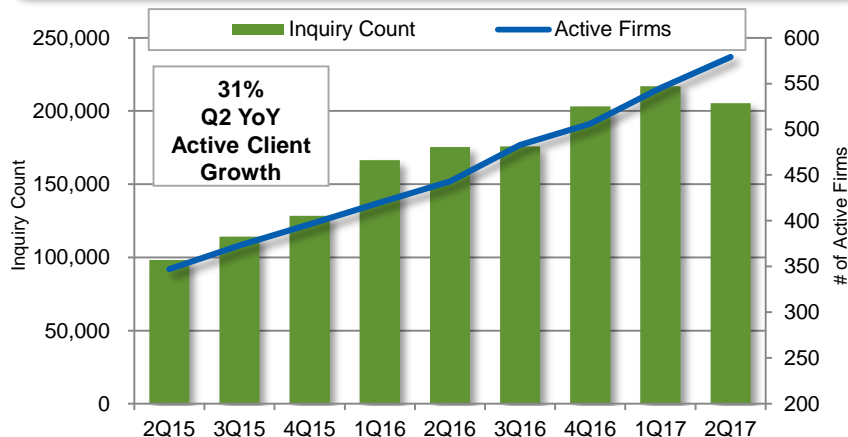
International Client Volumes



Emerging Market Volume Region and Client Count



International Inquiry Count and Active Firms



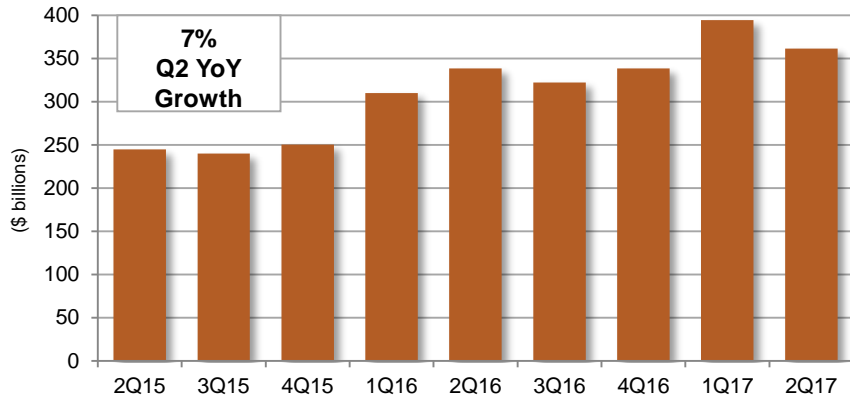
International Growth

- International client volume up 24%
- Growing global participation with 579 active international client firms; Inquiry count up 17%
- 854 active client firms trading EM, up 14%
- EM local markets trading volume up 42%; Bonds in 25 EM local markets currency bonds available for trading
- First Chinese Government Bond traded in 2Q17

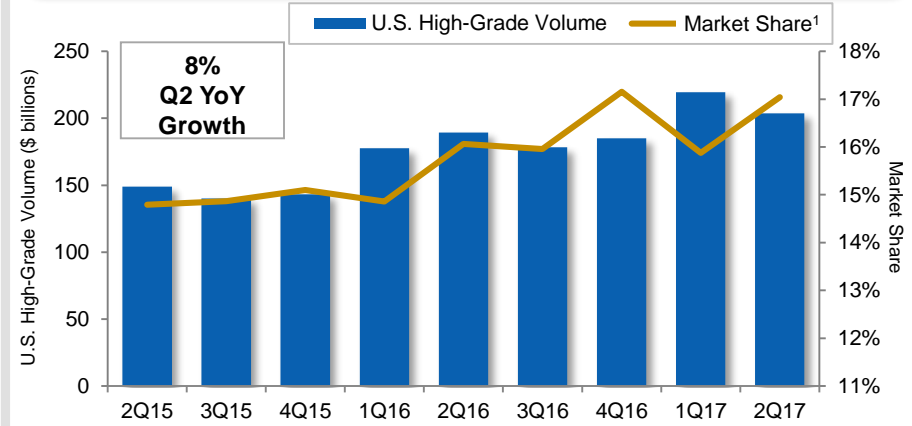
Quarterly Volume and Active Clients



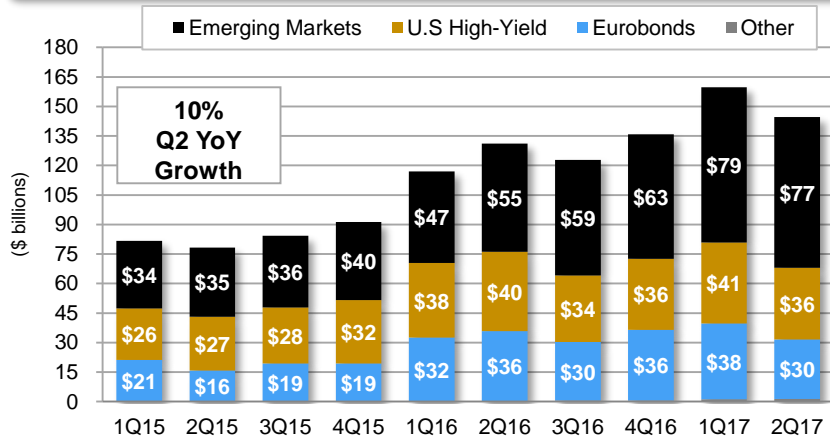
Global



U.S. High-Grade

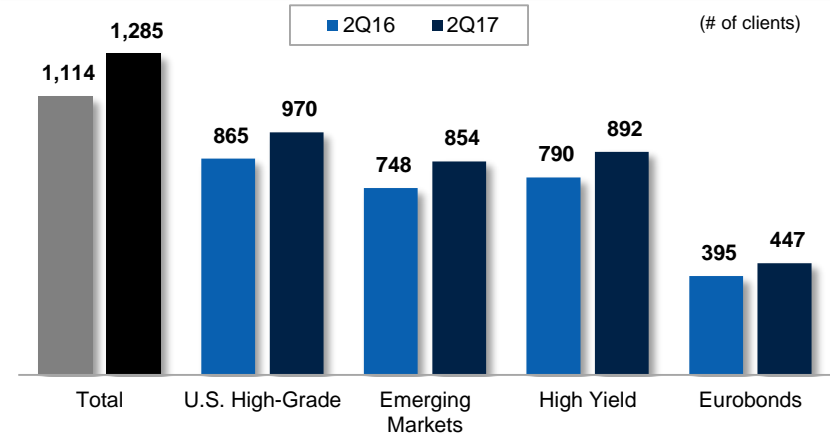


Other Credit



Note: includes high-yield, emerging markets, eurobonds and municipal bonds

Active Clients by Product



¹ 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.

² Estimated market volumes based on FINRA TRACE and TRAX reported volumes reported in US dollars.

Earnings Performance



(In thousands, except per share data)

| | <u>2Q17</u> | <u>1Q17</u> | <u>2Q16</u> | Δ <u>2Q17 vs.</u> <u>2Q16</u> |
|-------------------------------------|------------------|------------------|------------------|--|
| Revenues | | | | |
| Commissions | \$ 87,015 | \$ 94,022 | \$ 86,239 | 0.9% |
| Information and Post-trade Services | 8,272 | 7,816 | 8,586 | (3.7%) |
| Investment and Other Income | <u>2,027</u> | <u>2,053</u> | <u>1,814</u> | 11.7% |
| Total Revenues | <u>97,314</u> | <u>103,891</u> | <u>96,639</u> | 0.7% |
| Expenses | <u>47,741</u> | <u>48,284</u> | <u>46,088</u> | 3.6% |
| Income Before Taxes | 49,573 | 55,607 | 50,551 | (1.9%) |
| Provision for Income Taxes | <u>11,550</u> | <u>13,144</u> | <u>17,425</u> | (33.7%) |
| Net Income | <u>\$ 38,023</u> | <u>\$ 42,463</u> | <u>\$ 33,126</u> | 14.8% |
| Operating Margin | 50.9% | 53.5% | 52.3% | -1.4 pts |
| EBITDA ¹ | \$ 54,363 | \$ 60,300 | \$ 55,091 | (1.3%) |
| Diluted EPS | \$ 1.00 | \$ 1.11 | \$ 0.88 | 13.6% |
| Diluted Shares ² | 38,077 | 38,112 | 37,748 | 0.9% |

¹ See second quarter 2017 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) | 2Q17 | 1Q17 | 2Q16 | % Δ 2Q17 vs. 2Q16 |
|-------------------------------------|-------------------|-------------------|-------------------|--------------------------------|
| Commissions | | | | |
| Transaction Fees | | | | |
| U.S. High-Grade | \$ 32,868 | \$ 35,523 | \$ 35,771 | (8.1%) |
| Other Credit ¹ | 37,145 | 41,695 | 33,826 | 9.8% |
| Liquid Products ² | 570 | 630 | 678 | (15.9%) |
| Total Transaction Fees | 70,583 | 77,848 | 70,275 | 0.4% |
| Distribution Fees | | | | |
| U.S. High-Grade | 15,930 | 15,750 | 14,297 | 11.4% |
| Other Credit ¹ | 384 | 280 | 1,471 | (73.9%) |
| Liquid Products ^{2,3} | 118 | 144 | 196 | (39.8%) |
| Total Distribution Fees | 16,432 | 16,174 | 15,964 | 2.9% |
| Total Commissions | \$87,015 | \$94,022 | \$86,239 | 0.9% |
| (\$ in millions) | | | | |
| Trading Volume | | | | |
| U.S. High-Grade | \$ 203,587 | \$ 219,394 | \$ 189,327 | 7.5% |
| Other Credit ¹ | 144,574 | 159,724 | 131,168 | 10.2% |
| Liquid Products ² | 13,345 | 15,306 | 17,781 | (24.9%) |
| Total Trading Volume | \$ 361,506 | \$ 394,424 | \$ 338,276 | 6.9% |
| Transaction Fees per Million | | | | |
| U.S. High-Grade | \$ 162 | \$ 162 | \$ 189 | (14.3%) |
| Other Credit ¹ | 257 | 261 | 258 | (0.4%) |
| Liquid Products ² | 43 | 41 | 38 | 12.0% |
| Total | \$ 195 | \$ 197 | \$ 208 | (6.0%) |

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>2Q17</u> | <u>1Q17</u> | <u>2Q16</u> | <u>% Δ</u> <u>2Q17 vs.</u> <u>2Q16</u> |
|-------------------------------|-------------------------|-------------------------|-------------------------|--|
| Employee Comp. and Benefits | \$ 25,421 | \$ 27,401 | \$ 25,815 | (1.5%) |
| Depreciation and Amortization | 4,790 | 4,693 | 4,540 | 5.5% |
| Technology and Communications | 4,822 | 4,585 | 4,277 | 12.7% |
| Professional and Consulting | 4,086 | 4,279 | 4,245 | (3.7%) |
| Occupancy | 1,422 | 1,404 | 1,225 | 16.1% |
| Marketing and Advertising | 2,782 | 1,886 | 1,824 | 52.5% |
| Clearing Costs | 1,517 | 1,327 | 1,953 | (22.3%) |
| General and Administrative | <u>2,901</u> | <u>2,709</u> | <u>2,209</u> | 31.3% |
| Total Expenses | <u>\$ 47,741</u> | <u>\$ 48,284</u> | <u>\$ 46,088</u> | 3.6% |

Balance Sheet Data



(\$ in thousands)

| | <u>6/30/2017</u> | <u>12/31/2016</u> | <u>% Δ vs. 12/31/2016</u> |
|--|--------------------------|--------------------------|-------------------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ 128,143 | \$ 168,243 | (23.8%) |
| Investments | 237,361 | 194,404 | 22.1% |
| Accounts Receivable, net | 55,215 | 50,668 | 9.0% |
| All Other Assets | <u>126,322</u> | <u>114,727</u> | 10.1% |
| Total Assets | <u>\$ 547,041</u> | <u>\$ 528,042</u> | 3.6% |
| <u>Liabilities and Stockholders' Equity</u> | | | |
| Total Liabilities | \$ 45,813 | \$ 60,029 | (23.7%) |
| Total Stockholders' Equity | <u>501,228</u> | <u>468,013</u> | 7.1% |
| Total Liabilities and Stockholders' Equity | <u>\$ 547,041</u> | <u>\$ 528,042</u> | 3.6% |

- Cash, Cash Equivalents & Investments represented \$9.60 per share on a diluted basis as of June 30, 2017
- Total Shareholders' Equity was \$13.16 per share on a diluted basis as of June 30, 2017

- **Challenging quarter for fixed income trading in low volatility climate**
- **Continued strong client participation, with growing momentum from international clients**
- **Emerging market product area continues to demonstrate strong growth**
- **Record Open Trading volume as a percent of total trade volume**
- **Regulatory changes, including MiFID II, likely to be a catalyst for future growth in electronic trading**