



 Market Axess®

INVESTOR PRESENTATION

3rd Quarter 2018

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.

Investment highlights

- **Large fixed income market undergoing major structural shift** due to regulatory and market trends.
- **We are the leading electronic trading network** for the institutional market in U.S. credit products.
- **Electronic trading market share is growing but still in early stages** of market penetration.
- Growth strategy focuses on:
 - **Increasing penetration of existing and new markets.**
 - **Promoting Open Trading protocols.**
 - **Continuing to invest in and grow our international business.**
- **Superior financial model** with strong cash flow and significant operating leverage

GROWTH FROM 2012 - 2017¹

REVENUE GROWTH
13% CAGR

OPERATING INCOME
GROWTH
18% CAGR

EBITDA GROWTH
18% CAGR

1. Pro forma to include historical Xtrakter results prior to acquisition in February 2013.

Our global electronic platform provides credit trading services to the largest network of Institutional participants

PRE-TRADE PRICE DISCOVERY

- MarketAxess BondTicker™
- AxessAll
- Multi-dealer streaming prices
- Multi-dealer product inventories
- Composite Price
- Bond Liquidity Scores

TRADE EXECUTION

- Open Trading™
- Patented multi-dealer request-for-quote (RFQ)
- Streaming price and live market execution

1,300 active institutional investor and dealer firms

POST-TRADE SERVICES: TRAX®

- European regulatory transaction reporting and trade matching

STRAIGHT THROUGH PROCESSING (STP)

- Electronic audit trails and trade blotters
- Post Trade APIs for trade capture and TRACE reporting
- Transaction Cost Analysis (TCA)

CORE PRODUCTS

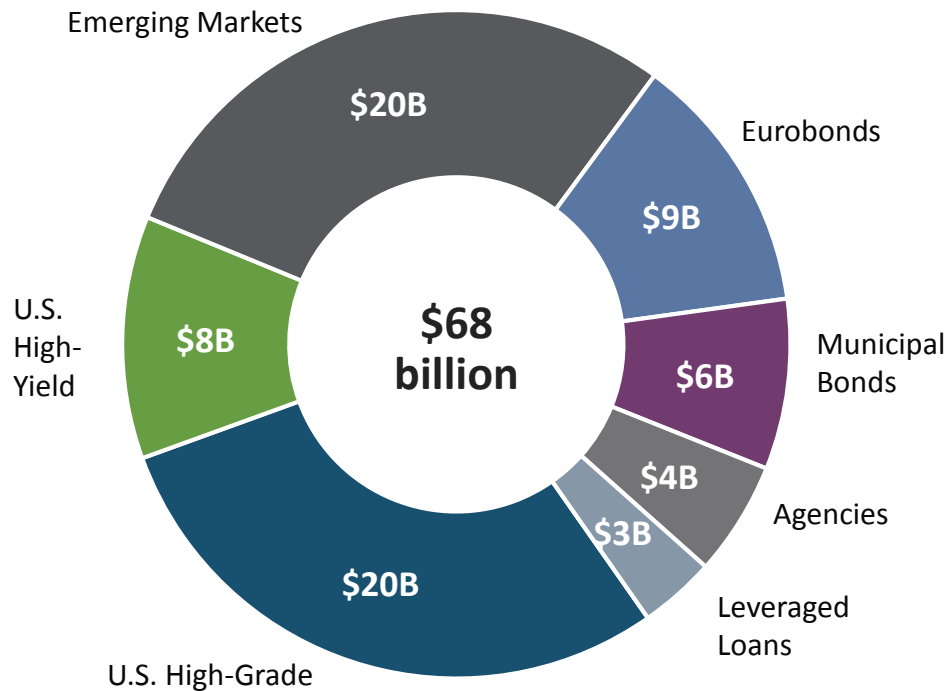
Agency	Municipals	Emerging Markets	U.S. High Grade	U.S. High Yield	Eurobond	Leveraged Loans	CDS
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Our focused growth strategy

- ❖ 1. Increase penetration of existing and new markets
- ❖ 2. Leverage our client network to promote Open Trading protocols
- ❖ 3. Continue to invest in and grow our international business

1. Increase penetration of existing and new markets

ESTIMATED AVERAGE DAILY VOLUME FOR ADDRESSABLE MARKETS¹

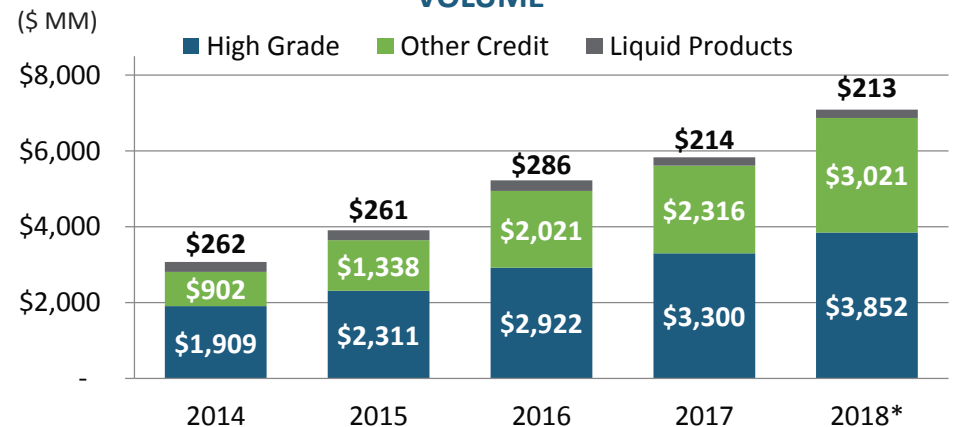


1% Change in Estimated Market Share Results in \$33-\$39 million in Additional Revenue

EXPANDING GLOBAL CLIENT NETWORK

- Over 1,450 active firms, up 9% from 2Q17
- Approximately 830 active firms trading 3 or more products, up 10% from 2Q17
- Approximately 990 active firms trading emerging markets, up 15% from 2Q17
- Over 600 active international client firms, up 17%

GLOBAL ELECTRONIC AVERAGE DAILY TRADING VOLUME



* 2018 volume year to date through June 2018

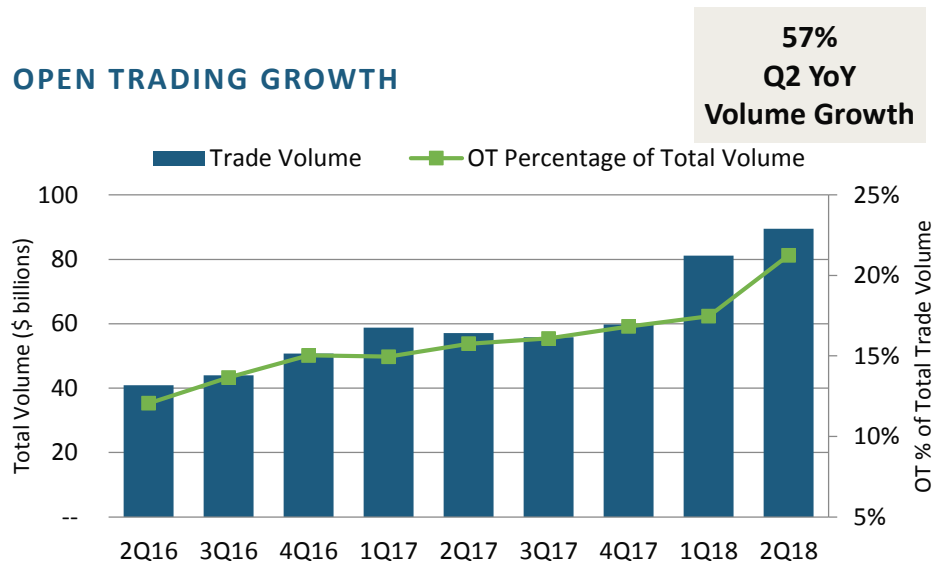
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2. Leverage our client network to promote Open Trading™ protocols

HIGHLIGHTS

- \$1.4 billion average daily volume, up 54.5% from 2Q17.
- Over 256,000 total Open Trading transactions completed in 2Q18, up from 158,000 in 2Q17.
- Approximately 1,448,000 price responses in 2Q18, up 101% from 2Q17.
- Estimated system-wide liquidity taker total cost savings of \$38.3 million in 2Q18, up 71.3% from 2Q17¹.

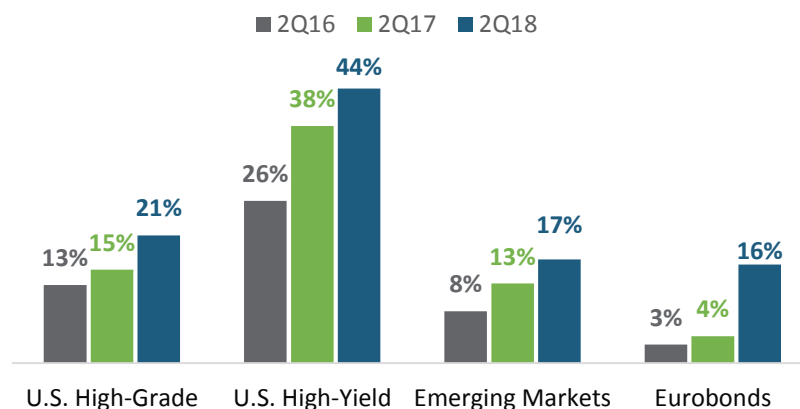
OPEN TRADING GROWTH



OPEN TRADING TRADE & RESPONSE COUNTS



OPEN TRADING VOLUME AS PERCENT OF TOTAL PRODUCT VOLUME



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, Eurobonds and municipal bonds.

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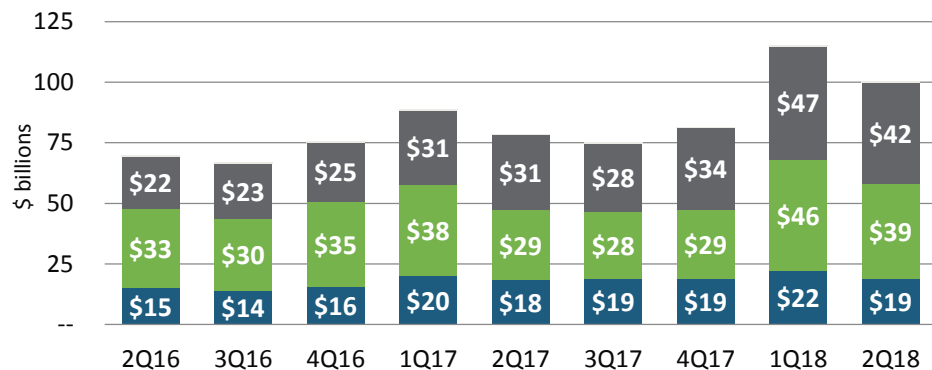
3. Continue to invest in and grow our international business

EUROPEAN CLIENT VOLUMES

■ U.S. Credit ■ Eurobonds ■ Emerging Markets

Q2 YoY Growth of 27%

Emerging Markets	35%
Eurobond	34%
U.S. Credit	4%

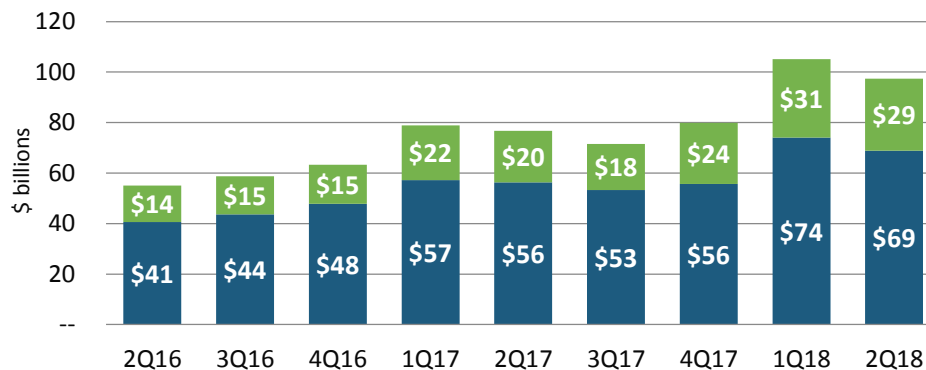


EMERGING MARKET VOLUME BY PRODUCT

■ External Markets ■ Local Markets

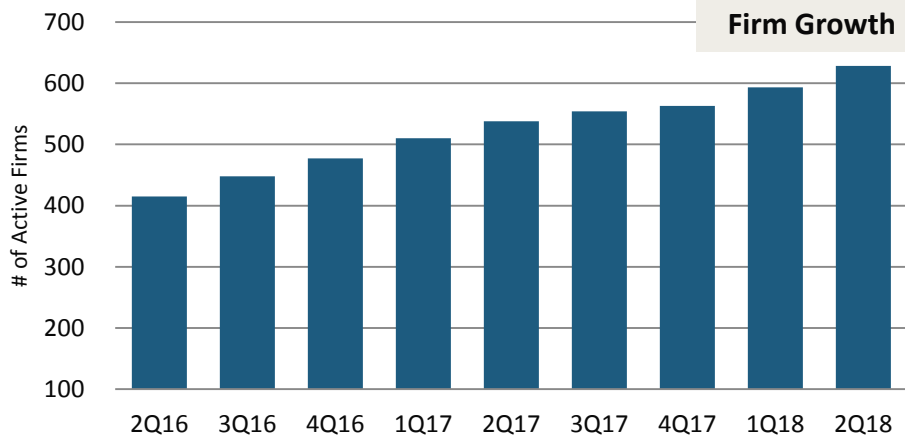
Q2 YoY Growth of 27%

External Markets	22%
Local Markets	40%



TOTAL ACTIVE INTERNATIONAL CLIENT FIRMS¹

**17%
Q2 YoY Client
Firm Growth**



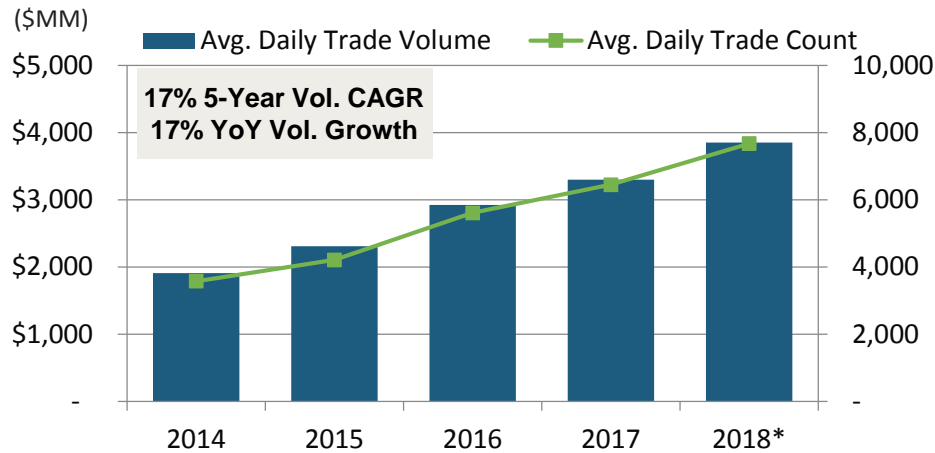
INTERNATIONAL PROGRESS

- European client volume of \$100 billion, up 27.4%.
- Emerging market volume of \$97 billion, up 27.0%.
- EM local markets trading volume up 39.6%; Bonds in 24 different EM local currency bond markets traded year to date.
- Over 600 active international client firms, up 16.7%¹.

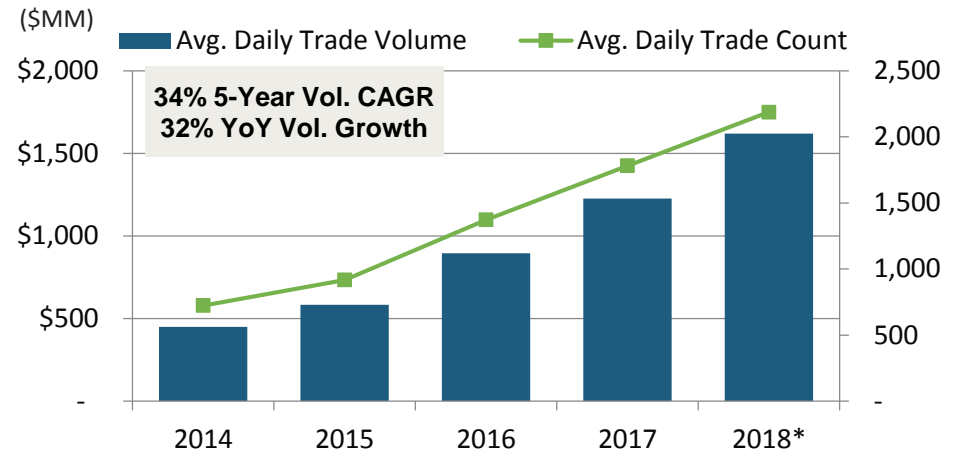
1. International firms include all firms outside of the United States and Canada

Our growth in overall trading activity has been driven by share gains with new and existing clients

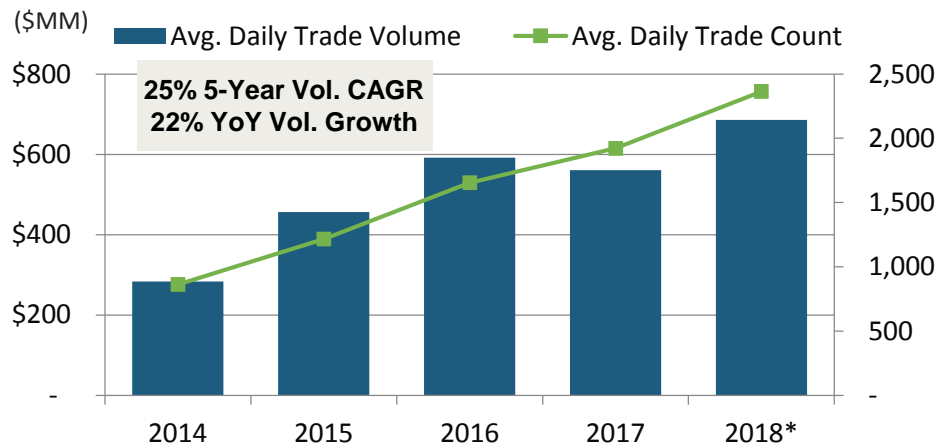
U.S. HIGH-GRADE



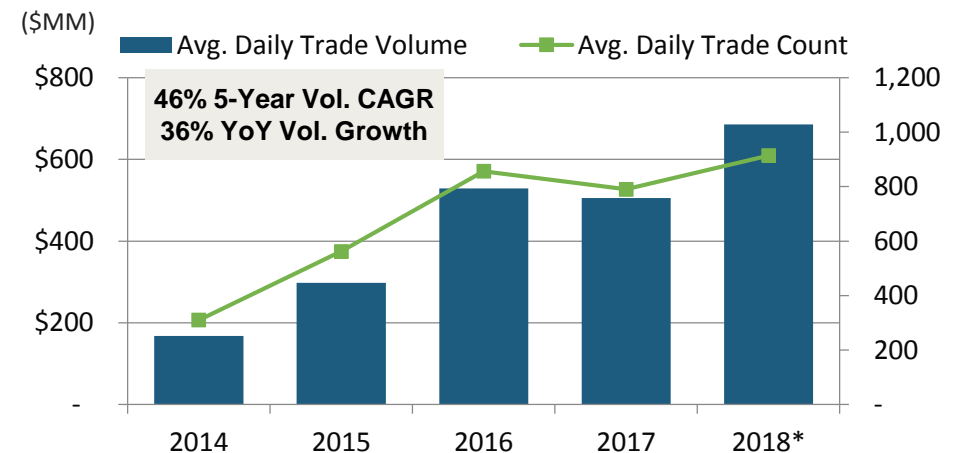
EMERGING MARKETS



U.S. HIGH-YIELD



EUROBOND



* 2018 volume year to date through June 2018

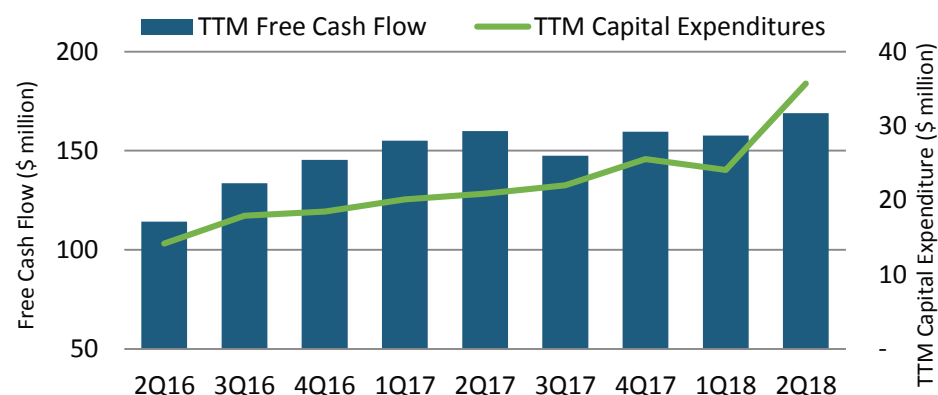
Strong cash flow generation with focus on investing in business and returning capital to shareholders

(\$ in thousands)

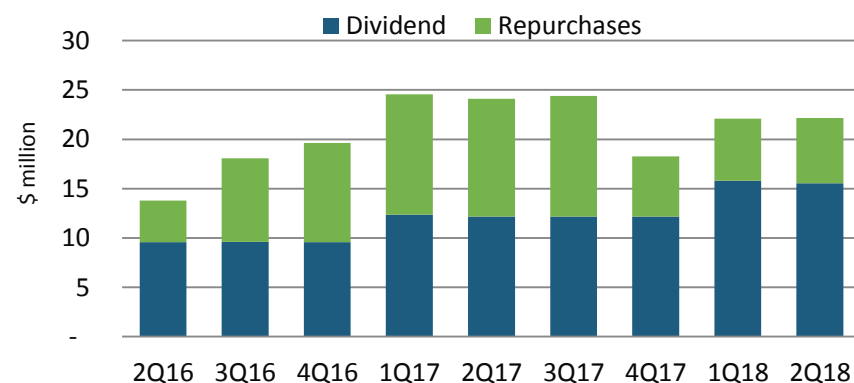
	<u>6/30/2018</u>	<u>12/31/2017</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 170,686	\$ 167,014
Investments	249,591	239,521
Accounts Receivable, net	61,883	52,636
All Other Assets	135,438	122,061
Total Assets	\$ 617,598	\$ 581,232
<u>Liabilities and Stockholders' Equity</u>		
Total Liabilities	\$ 60,220	\$ 66,464
Total Stockholders' Equity	557,378	514,768
Total Liabilities and Stockholders' Equity	\$ 617,598	\$ 581,232

- Continued investment in our employees, trading platform, new products, geographic expansion and infrastructure
- \$81 million of share repurchase capacity under existing share repurchase program

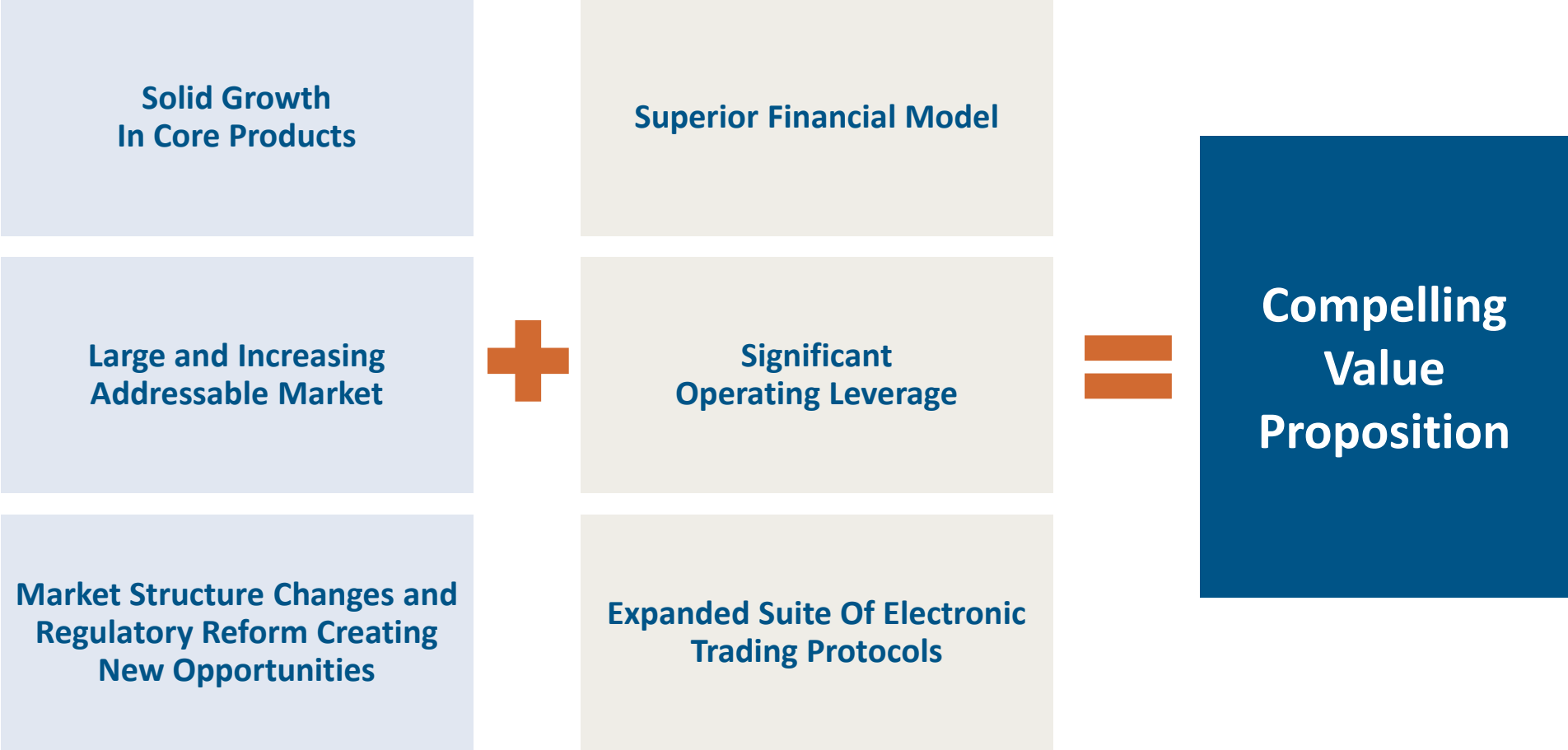
TTM FREE CASH FLOW AND CAPITAL EXPENDITURES



QUARTERLY DIVIDENDS AND SHARE REPURCHASES



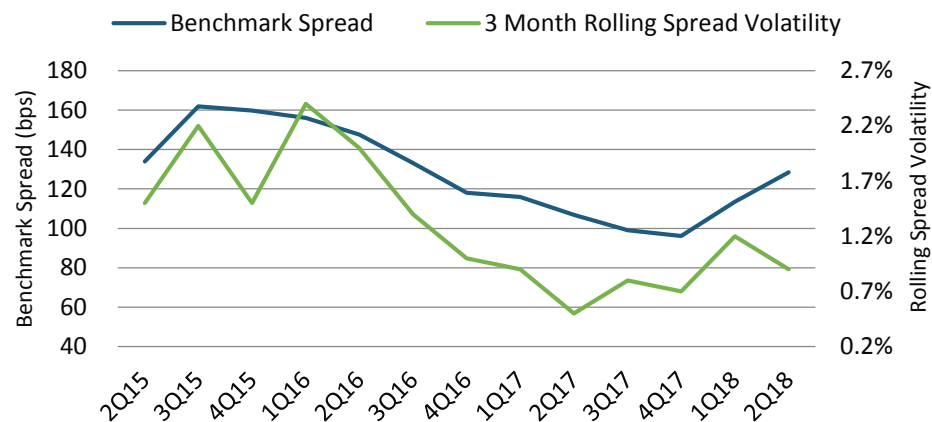
MarketAxess opportunity set is growing



APPENDIX

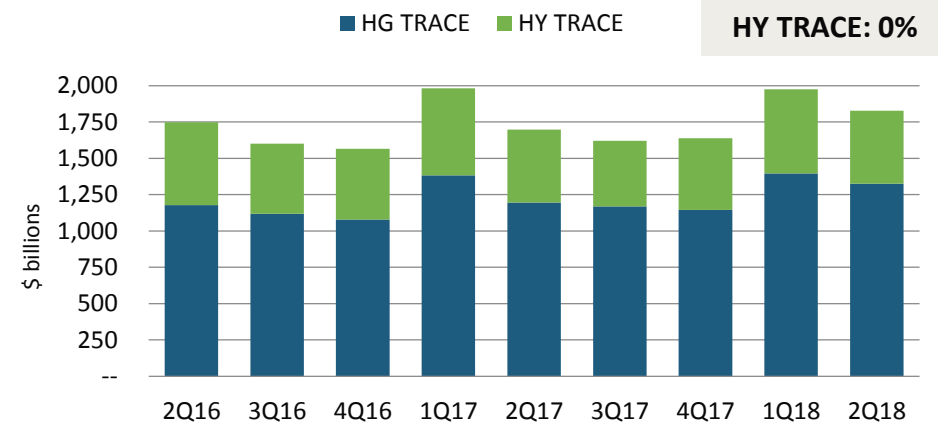
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



Source: Credit Suisse Global Credit Strategy

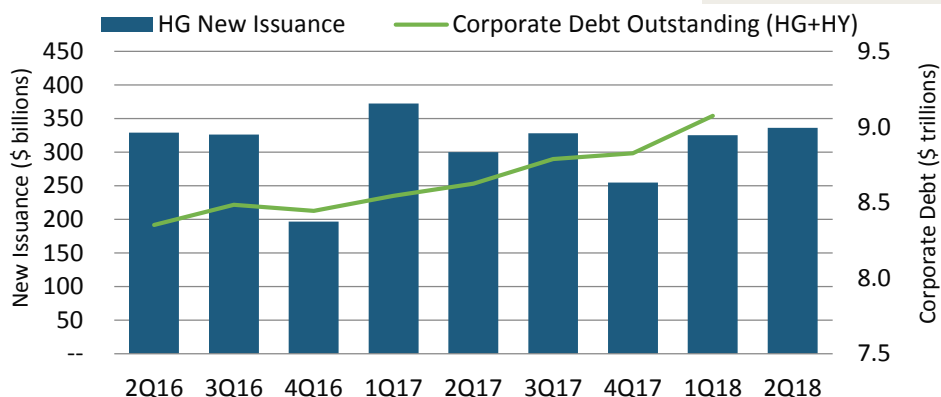
U.S. HIGH-GRADE & HIGH-YIELD TRACE



Source: BondTicker

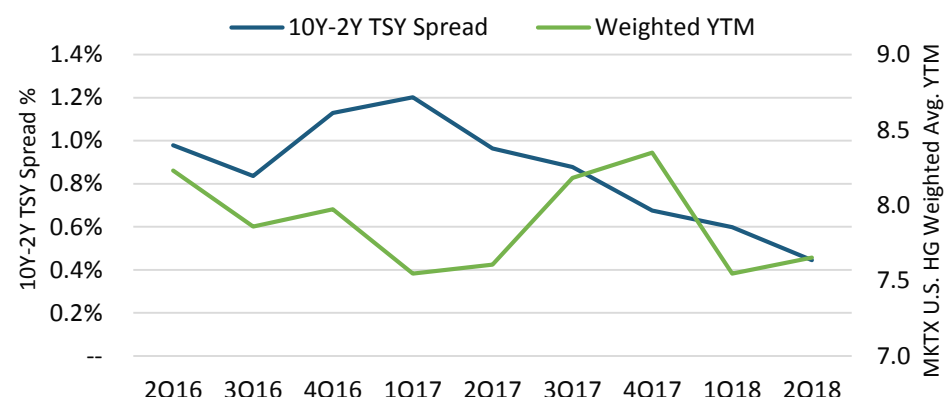
NEW ISSUANCE & CORPORATE DEBT OUTSTANDING

**12%
Q2 YoY New
Issuance Growth**



Source: JPMorgan; Federal Reserve

10 YEAR – 2 YEAR TREASURY SPREAD & MKTX U.S. HIGH GRADE WEIGHTED AVG YTM



Source: Federal Reserve

Earnings Performance

(In thousands, except per share data)

	<u>2Q18</u>	<u>1Q18</u>	<u>2Q17</u>	Δ 2Q18 vs. 2Q17
Revenues				
Commissions	\$ 96,113	\$ 102,772	\$ 87,015	10.5%
Information Services	6,930	7,066	6,497	6.7%
Post-trade Services	3,620	4,576	2,489	45.4%
Other Income	301	300	313	(3.8%)
Total Revenues	<u>106,964</u>	<u>114,714</u>	<u>96,314</u>	11.1%
Expenses	<u>54,930</u>	<u>54,541</u>	<u>47,329</u>	16.1%
Operating Income	<u>52,034</u>	<u>60,173</u>	<u>48,985</u>	6.2%
Investment Income and Other, net	<u>1,176</u>	<u>840</u>	<u>588</u>	100.0%
Income Before Taxes	<u>53,210</u>	<u>61,013</u>	<u>49,573</u>	7.3%
Provision for Income Taxes	<u>12,723</u>	<u>13,073</u>	<u>11,550</u>	10.2%
Net Income	<u>\$ 40,487</u>	<u>\$ 47,940</u>	<u>\$ 38,023</u>	6.5%
Operating Margin	48.6%	52.5%	50.9%	-2.3 pts
EBITDA ¹	\$ 59,000	\$ 66,282	\$ 54,363	8.5%
Diluted EPS	\$ 1.07	\$ 1.27	\$ 1.00	7.0%
Diluted Shares ²	37,862	37,886	38,077	(0.6%)

1. See second quarter 2018 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 shares of common stock, including the dilutive effect of outstanding securities.

Commission Revenue Detail

				% Δ 2Q18 vs. 2Q17
(\$ in thousands)	2Q18	1Q18	2Q17	
	<u></u>	<u></u>	<u></u>	
<u>Commissions</u>				
Transaction Fees				
U.S. High-Grade	\$ 36,401	\$ 38,767	\$ 32,868	10.7%
Other Credit ¹	34,765	40,427	37,145	(6.4%)
Liquid Products ²	488	583	570	(14.4%)
Total Transaction Fees	<u>71,654</u>	<u>79,777</u>	<u>70,583</u>	1.5%
Distribution Fees				
U.S. High-Grade	18,261	17,227	15,930	14.6%
Other Credit ¹	6,042	5,540	384	1473.4%
Liquid Products ^{2,3}	156	228	118	32.2%
Total Distribution Fees	<u>24,459</u>	<u>22,995</u>	<u>16,432</u>	48.8%
Total Commissions	<u>\$ 96,113</u>	<u>\$ 102,772</u>	<u>\$ 87,015</u>	10.5%
(\$ in millions)				
<u>Trading Volume</u>				
U.S. High-Grade	\$ 230,519	\$ 250,985	\$ 203,587	13.2%
Other Credit ¹	177,681	199,943	144,574	22.9%
Liquid Products ²	12,550	14,079	13,345	(6.0%)
Total Trading Volume	<u>\$ 420,750</u>	<u>\$ 465,007</u>	<u>\$ 361,506</u>	16.4%
<u>Transaction Fees per Million</u>				
U.S. High-Grade	\$ 158	\$ 154	\$ 162	(2.5%)
Other Credit ¹	196	202	257	(23.7%)
Liquid Products ²	39	41	43	(9.3%)
Total	<u>\$ 170</u>	<u>\$ 172</u>	<u>\$ 195</u>	(12.8%)

1. Other Credit includes U.S. 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.

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Expense Detail

(\$ in thousands)

	2Q18	1Q18	2Q17	% Δ 2Q18 vs. 2Q17
<u>Expenses</u>				
Employee Comp. and Benefits	\$ 26,199	\$ 28,834	\$ 25,319	3.5%
Depreciation and Amortization	5,790	5,269	4,790	20.9%
Technology and Communications	5,793	5,779	4,822	20.1%
Professional and Consulting	5,426	5,057	4,086	32.8%
Occupancy ¹	3,467	3,337	1,422	143.8%
Marketing and Advertising	3,535	2,065	2,782	27.1%
Clearing Costs	2,012	1,725	1,517	32.6%
General and Administrative	2,708	2,475	2,591	4.5%
Total Expenses	\$ 54,930	\$ 54,541	\$ 47,329	16.1%

1. Occupancy costs in the first and second quarters of 2018 includes \$1.7 million and \$1.8 million, respectively, in duplicate expense recognized during the build-out phase of the Company's new corporate offices in New York.

2018 Guidance

EXPENSES

- **Expected range of \$220.0 million to \$232.0 million:** Includes duplicate occupancy costs of approximately \$8 million for new corporate offices during the build-out phase

CAPITAL EXPENDITURES

- **Expected range of \$43.0 million to \$50.0 million:** Includes approximately \$25 million of build-out costs for the new corporate offices

EFFECTIVE TAX RATE

- **Expected to be between 23.0% to 25.0%:** Includes the estimated impact of tax reform and excess tax benefits on share awards expected to vest in 2018