



Q1 2018 Conference Call and Webcast

April 25, 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.

1Q18 Summary¹

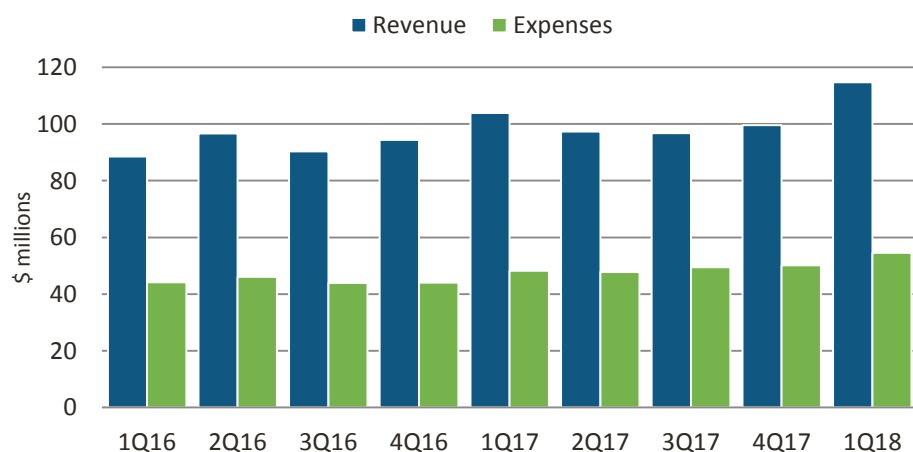
EARNINGS

- Record revenues of \$114.7 million, up 11.4%.
- Expenses of \$54.5 million up 14.1%, includes \$1.7 million of duplicate occupancy expense
- Record operating income of \$60.2 million, up 9.1%.
- Operating margin of 52.5%
- Record diluted EPS of \$1.27, up 14.4%.

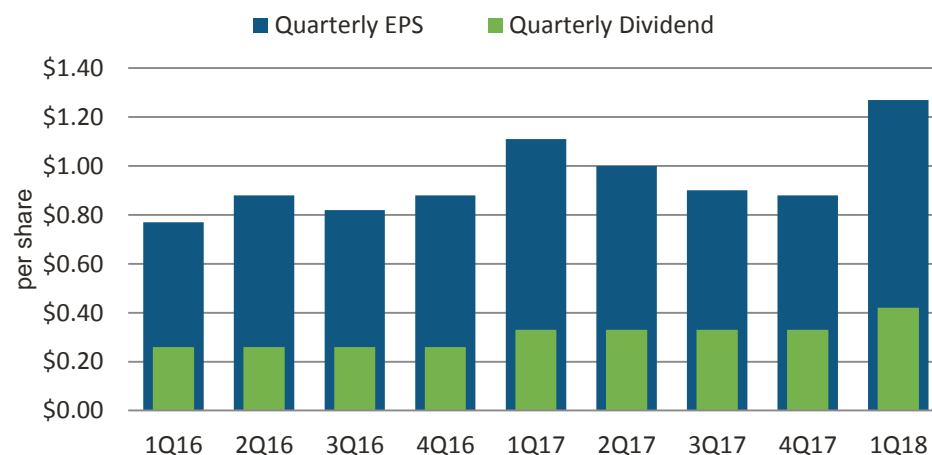
BUSINESS HIGHLIGHTS

- Record total trading volume of \$465.0 billion, up 17.9%.
- Record trading volume in each of our four core products: U.S. high-grade, high-yield, Eurobonds and emerging market bonds.
- Record estimated U.S. high-grade market share of 18.0%, up from 15.9%.
- Record international client trading volume of \$129.6 billion, up 30.1%.
- Record Open Trading™ volume of \$81.2 billion, up 38.0%.

QUARTERLY REVENUE & EXPENSE TREND



EPS & DIVIDEND TREND

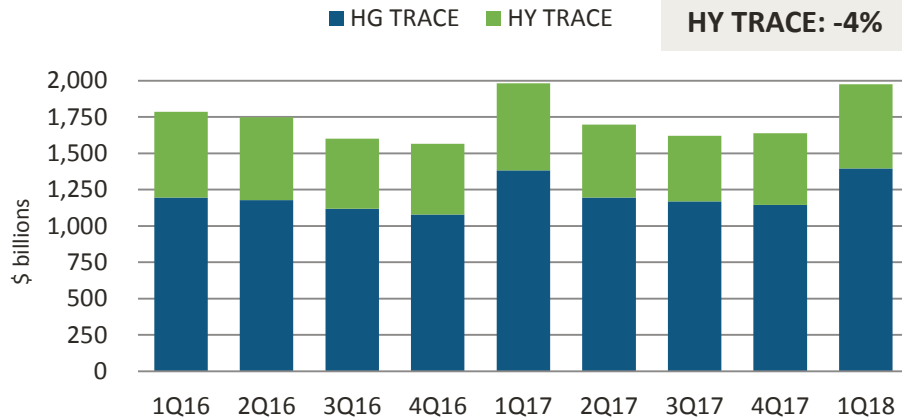


1. All period comparisons versus 1Q17 unless otherwise stated.

Market Conditions

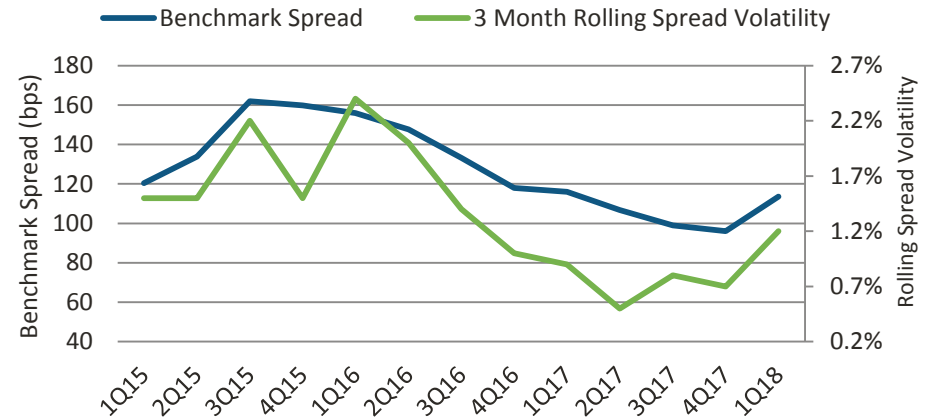
U.S. HIGH-GRADE & HIGH-YIELD TRACE

Q1 YoY GROWTH
HG TRACE: 1%
HY TRACE: -4%



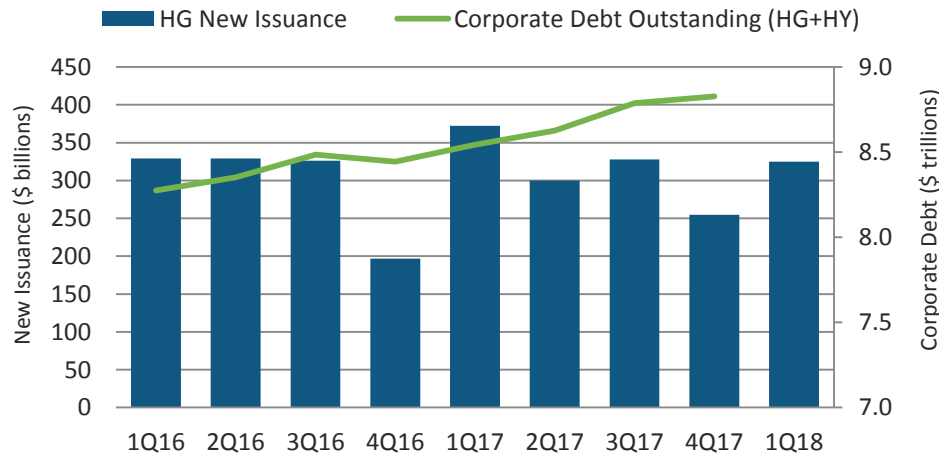
Source: BondTicker

LIQUID U.S. CORPORATE INDEX (LUCI)



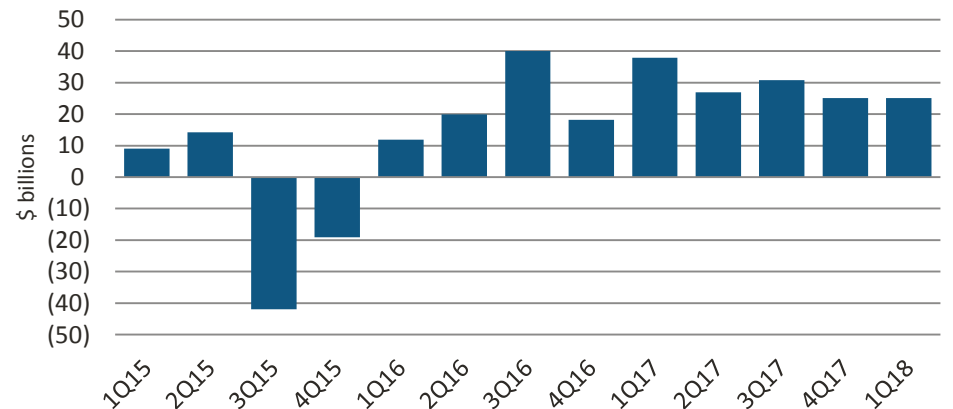
Source: Credit Suisse Global Credit Strategy

NEW ISSUANCE & CORPORATE DEBT OUTSTANDING



Source: JPMorgan; Federal Reserve

CORPORATE BOND FUND FLOWS



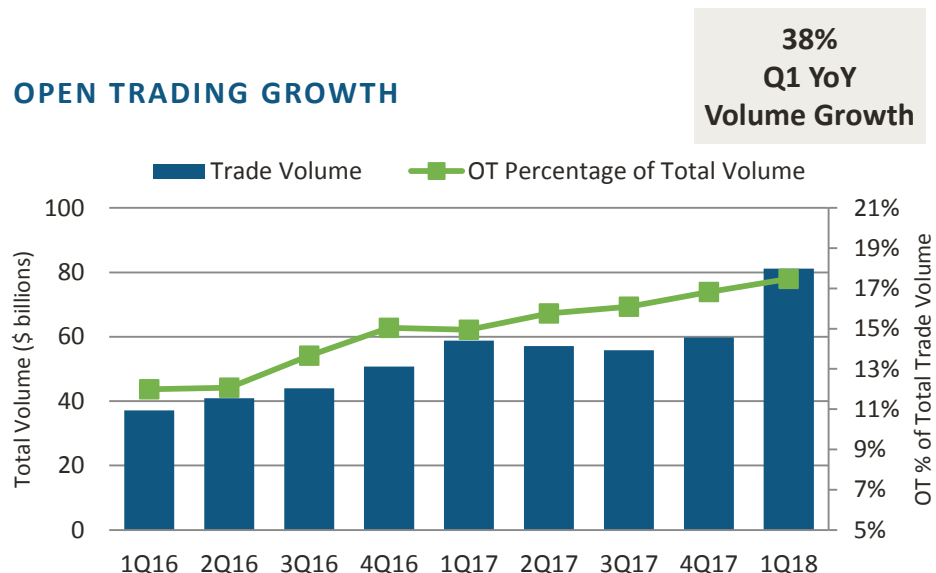
Source: ICI

Open Trading™

HIGHLIGHTS

- \$1.3 billion average daily volume, up 40% from 1Q17
- Approximately 204,000 total Open Trading transactions completed in 1Q18, up from 147,000 in 1Q17
- Approximately 820,000 price responses in 1Q18, up 71% from 1Q17
- Estimated system-wide liquidity taker total cost savings of \$32.1 million in 1Q18, up 28% from 1Q17¹

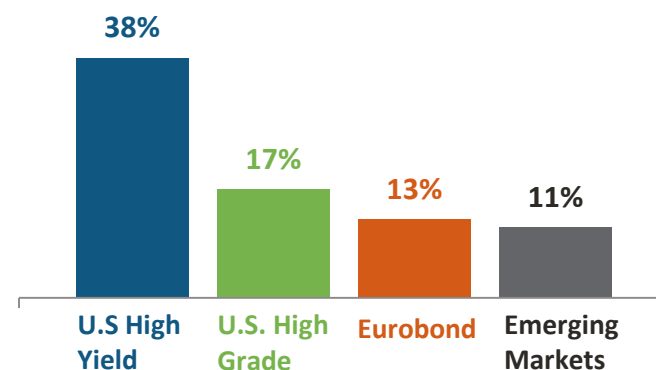
OPEN TRADING GROWTH



OPEN TRADING TRADE & RESPONSE COUNTS



1Q18 OT VOLUME AS PERCENT OF TOTAL PRODUCT VOLUME



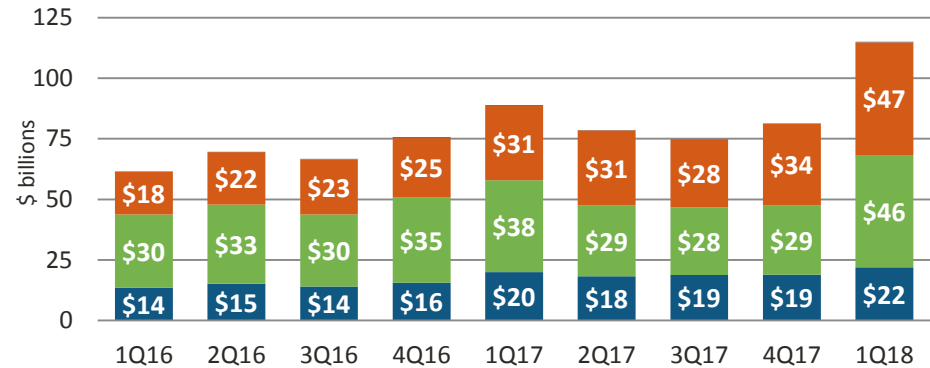
1. Activity is for Market List-winning trades only. Cost Savings is defined as the difference between the best cover (non-winning) level from a disclosed dealer and the winning level times the quantity across all anonymous trades. Products include U.S. high-grade, high-yield, emerging markets, Eurobonds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

MiFID II and International Progress

EUROPEAN CLIENT VOLUMES

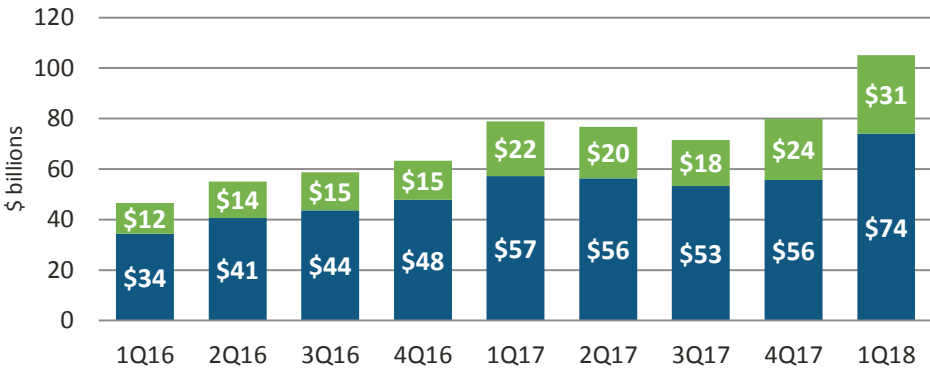
■ U.S. Credit ■ Eurobonds ■ Emerging Markets

Q1 YoY Growth of 29%	
Emerging Markets	52%
Eurobond	22%
U.S. Credit	10%



EMERGING MARKET VOLUME BY PRODUCT

■ External Markets ■ Local Markets



MIFID II IMPLEMENTATION

- European client volume up 29% in 1Q18
- Successful implementation of MiFID II drove an increase of ~100 clients for post-trade transaction reporting
- Post trade services revenue increased by \$2.1 million in 1Q18, primarily due to new MIFID II services

EMERGING MARKETS PROGRESS

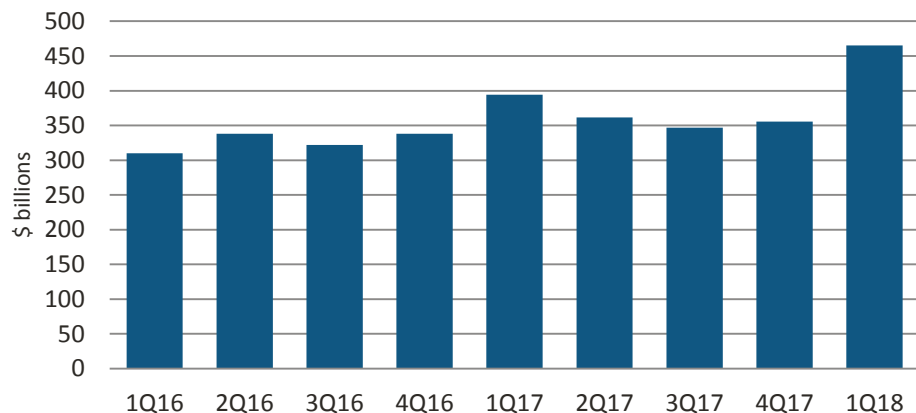
- Total emerging market volume up 33% to a record \$105 billion in 1Q18
- 941 active client firms trading EM, up 14%
- EM local markets trading volume up 43%; Bonds in 25 EM local markets currency bonds available for trading
- Request-for-market solution encouraging more block trading

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Quarterly Volume

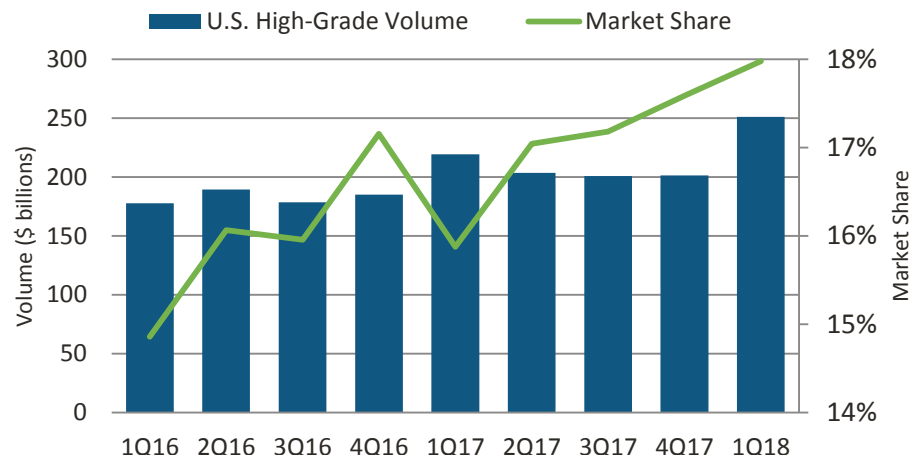
GLOBAL

18%
Q1 YoY Growth



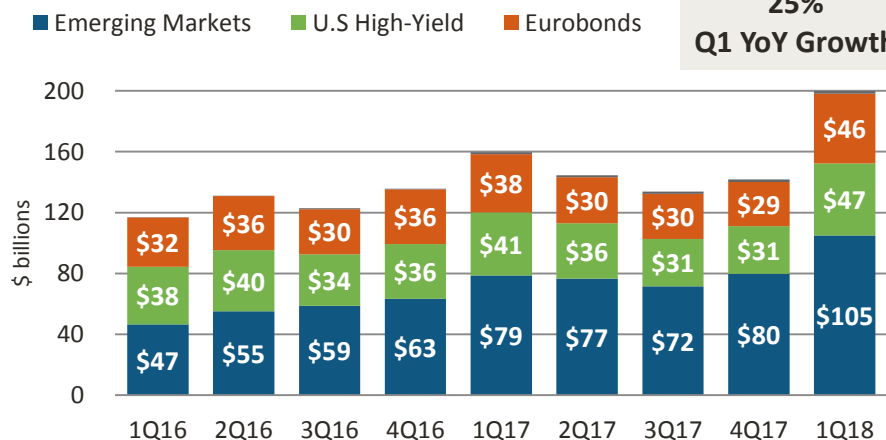
U.S. HIGH-GRADE

14%
Q1 YoY Growth



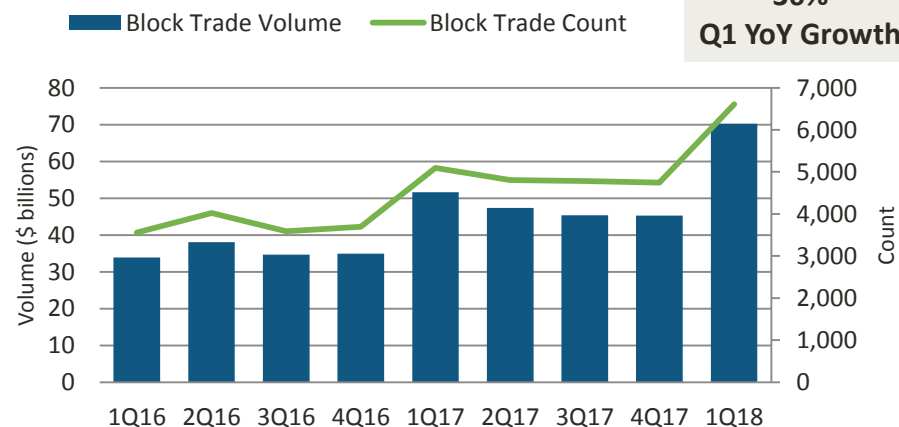
OTHER CREDIT

25%
Q1 YoY Growth



U.S. HIGH-GRADE BLOCK TRADE VOLUME AND COUNT

36%
Q1 YoY Growth



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

Note: block trade volume is defined as trades greater than \$5 million in trade size

Earnings Performance

(In thousands, except per share data)

	<u>1Q18</u>	<u>4Q17</u>	<u>1Q17</u>	Δ <u>1Q18 vs.</u> <u>1Q17</u>
Revenues				
Commissions	\$ 102,772	\$ 87,975	\$ 94,022	9.3%
Information Services	7,066	6,793	6,185	14.2%
Post-trade Services	4,576	3,467	2,456	86.3%
Other Income ¹	300	325	301	(0.3%)
Total Revenues	<u>114,714</u>	<u>98,560</u>	<u>102,964</u>	<u>11.4%</u>
Expenses ¹	<u>54,541</u>	<u>49,723</u>	<u>47,806</u>	<u>14.1%</u>
Operating Income	<u>60,173</u>	<u>48,837</u>	<u>55,158</u>	<u>9.1%</u>
Investment Income and Other, net ¹	<u>840</u>	<u>534</u>	<u>449</u>	<u>87.1%</u>
Income Before Taxes	<u>61,013</u>	<u>49,371</u>	<u>55,607</u>	<u>9.7%</u>
Provision for Income Taxes	<u>13,073</u>	<u>15,898</u>	<u>13,144</u>	<u>(0.5%)</u>
Net Income	<u>\$ 47,940</u>	<u>\$ 33,473</u>	<u>\$ 42,463</u>	<u>12.9%</u>

Operating Margin	52.5%	49.6%	53.6%	-1.1 pts
EBITDA ²	\$ 66,282	\$ 54,579	\$ 60,300	9.9%
Diluted EPS	\$ 1.27	\$ 0.88	\$ 1.11	14.4%
Diluted Shares ³	37,886	37,943	38,112	(0.6%)

1. The Company has revised the format of the consolidated statement of operations to separately present non-operating activities. See first quarter 2018 earnings release and the Investor Relations section of the Company's website for further information.

2. See first quarter 2018 earnings release and the Investor Relations section of the Company's website for reconciliation of net income to EBITDA

3. Represents the weighted average number of shares of common stock, including the dilutive effect of outstanding securities.

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Commission Revenue Detail

(\$ in thousands)	1Q18	4Q17	1Q17	% Δ 1Q18 vs. 1Q17
Commissions				
Transaction Fees				
U.S. High-Grade	\$ 38,767	\$ 34,623	\$ 35,523	9.1%
Other Credit ¹	40,427	30,271	41,695	(3.0%)
Liquid Products ²	583	531	630	(7.5%)
Total Transaction Fees	79,777	65,425	77,848	2.5%
Distribution Fees				
U.S. High-Grade	17,227	16,724	15,750	9.4%
Other Credit ¹	5,540	5,648	280	1878.6%
Liquid Products ^{2,3}	228	178	144	58.3%
Total Distribution Fees	22,995	22,550	16,174	42.2%
Total Commissions	\$ 102,772	\$ 87,975	\$ 94,022	9.3%

(\$ in millions)	1Q18	4Q17	1Q17	% Δ
Trading Volume				
U.S. High-Grade	\$ 250,985	\$ 201,226	\$ 219,394	14.4%
Other Credit ¹	199,943	141,857	159,724	25.2%
Liquid Products ²	14,079	12,543	15,306	(8.0%)
Total Trading Volume	\$ 465,007	\$ 355,626	\$ 394,424	17.9%

Transaction Fees per Million

U.S. High-Grade	\$ 154	\$ 172	\$ 162	(4.6%)
Other Credit ¹	202	213	261	(22.5%)
Liquid Products ²	41	42	41	0.6%
Total	\$ 172	\$ 184	\$ 197	(13.1%)

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

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Expense Detail

(\$ in thousands)

<u>Expenses</u>	1Q18	4Q17	1Q17	% Δ 1Q18 vs. 1Q17
Employee Comp. and Benefits	\$ 28,834	\$ 24,225	\$ 27,284	5.7%
Depreciation and Amortization	5,269	5,208	4,693	12.3%
Technology and Communications	5,779	5,606	4,585	26.0%
Professional and Consulting	5,057	5,455	4,279	18.2%
Occupancy ¹	3,337	1,504	1,404	137.7%
Marketing and Advertising	2,065	3,005	1,886	9.5%
Clearing Costs	1,725	1,477	1,327	30.0%
General and Administrative	2,475	3,243	2,348	5.4%
Total Expenses	\$ 54,541	\$ 49,723	\$ 47,806	14.1%

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

Balance Sheet Data

(\$ in thousands)	<u>3/31/2018</u>	<u>12/31/2017</u>	<u>% Δ vs. 12/31/2017</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 156,169	\$ 167,014	(6.5%)
Investments	244,271	239,521	2.0%
Accounts Receivable, net	67,529	52,636	28.3%
All Other Assets	<u>121,304</u>	<u>122,061</u>	<u>(0.6%)</u>
Total Assets	<u>\$ 589,273</u>	<u>\$ 581,232</u>	<u>1.4%</u>
<u>Liabilities and Stockholders' Equity</u>			
Total Liabilities	\$ 52,109	\$ 66,464	(21.6%)
Total Stockholders' Equity	<u>537,164</u>	<u>514,768</u>	<u>4.4%</u>
Total Liabilities and Stockholders' Equity	<u>\$ 589,273</u>	<u>\$ 581,232</u>	<u>1.4%</u>

Summary

- Modest improvement in secondary trading conditions led to record trading volume
- MiFID II implementation drives increase in European client activity
- International business diversification continues to improve
- Record Open Trading volume and transaction cost savings



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