

MARKETAXESS

1Q17

CONFERENCE CALL & WEBCAST

April 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.

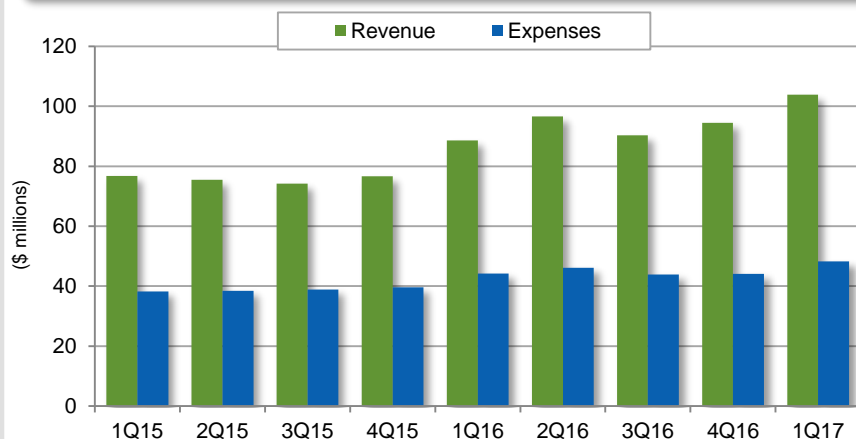
Earnings

- Record revenues of \$103.9 million, up 17.3%
- Expenses of \$48.3 million, up 9.2%
- Record pre-tax income of \$55.6 million, up 25.3%
- Effective tax rate of 23.6%, includes \$5.8 million of excess tax deductions related to share-based compensation
- Record diluted EPS of \$1.11, up 44.2%

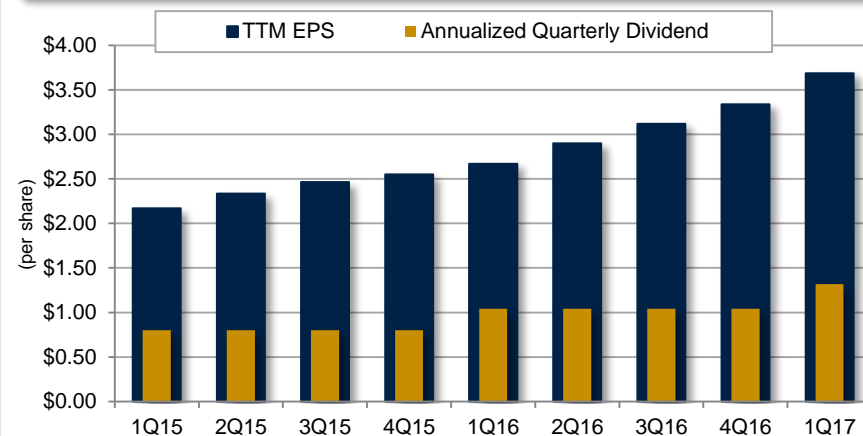
Business Highlights

- Record total trading volume of \$394.4 billion, up 27.2%
- 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
- Estimated U.S. high-grade market share of 15.9%, up from 14.9%

Quarterly Revenue & Expense Trend

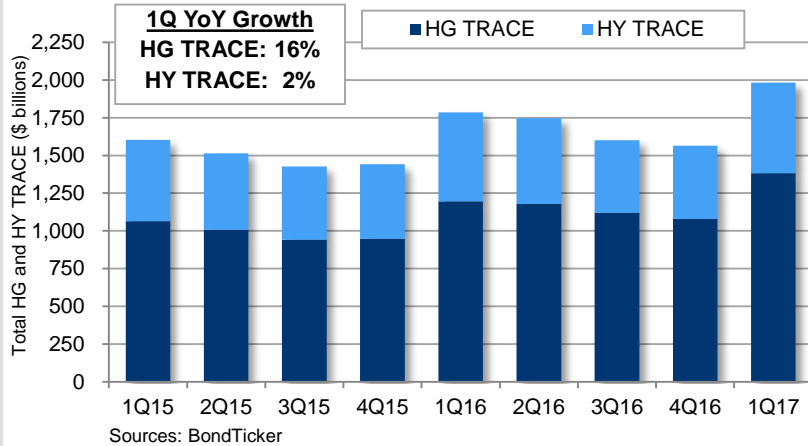


EPS & Dividend Trend

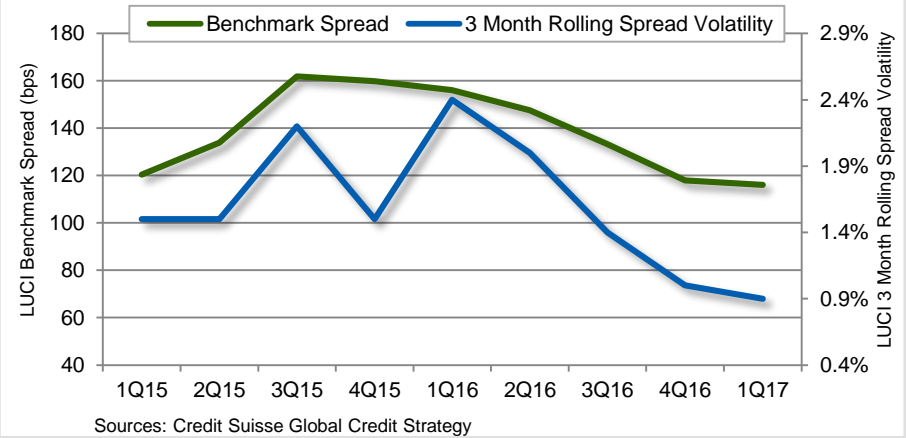


¹ All period comparisons versus 1Q16 unless otherwise stated.

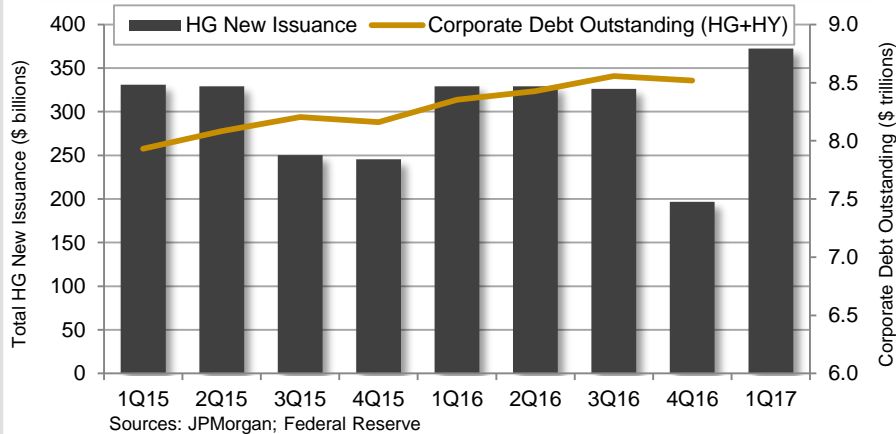
U.S. High-Grade & High-Yield TRACE¹



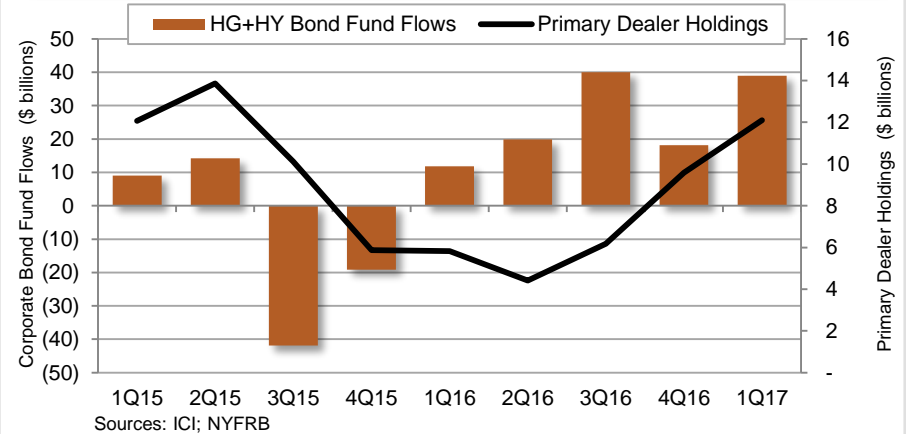
Liquid U.S. Corporate Index (LUCI)



New Issuance & Corporate Debt Outstanding



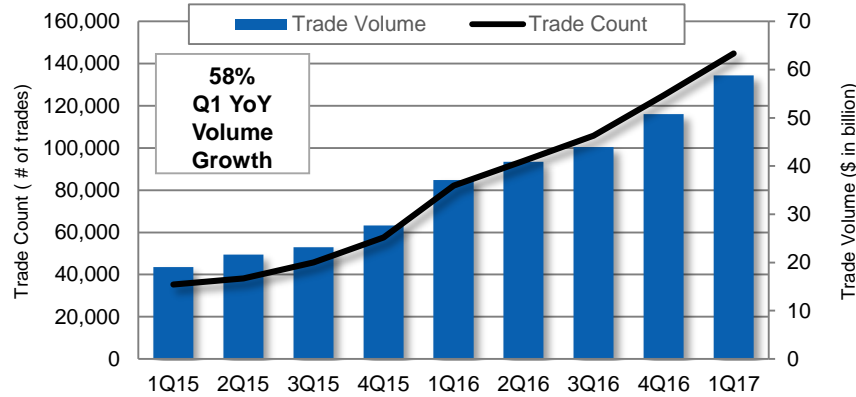
Corporate Bond Fund Flows & Primary Dealer Holdings²



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

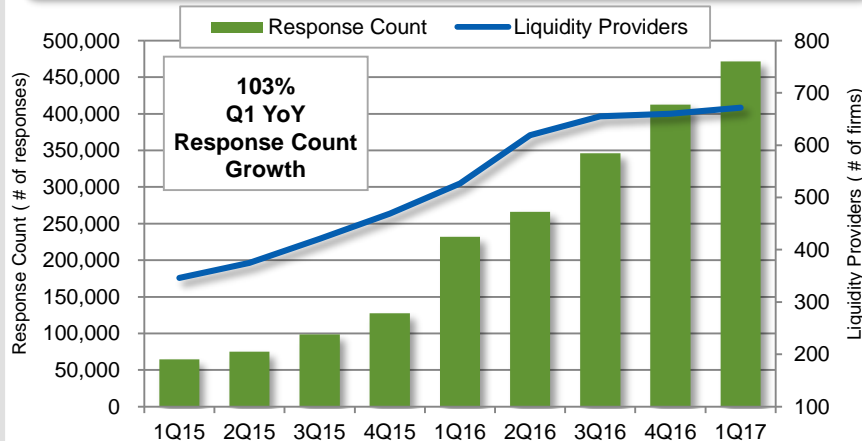
Open Trading Growth



Highlights

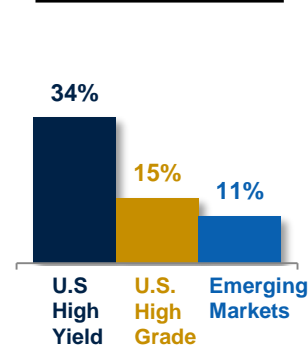
- \$948 million average daily volume, up 56% from \$608 million in 1Q16
- Approximately 145,000 total Open Trading transactions completed in 1Q17, up from approximately 82,000 in 1Q16
- Over 471,000 price responses in 1Q17, up 103% from 1Q16
- Estimated system-wide liquidity taker total cost savings of \$25 million in 1Q17¹
- Dealer initiated trades now represent 22% of all Open Trading trade volume, up from 14% in 1Q16

Open Trading Response Count & Liquidity Providers

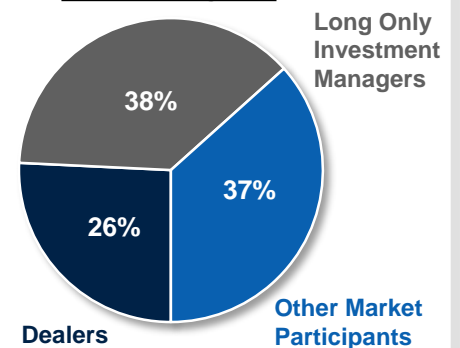


1Q17 Open Trading Liquidity Provider and Total Trade Volume

OT Volume as Percent of Total Product Volume



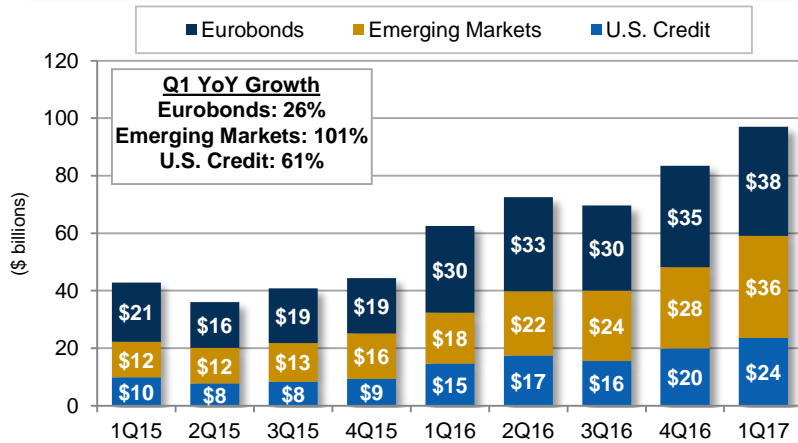
OT Client Segment



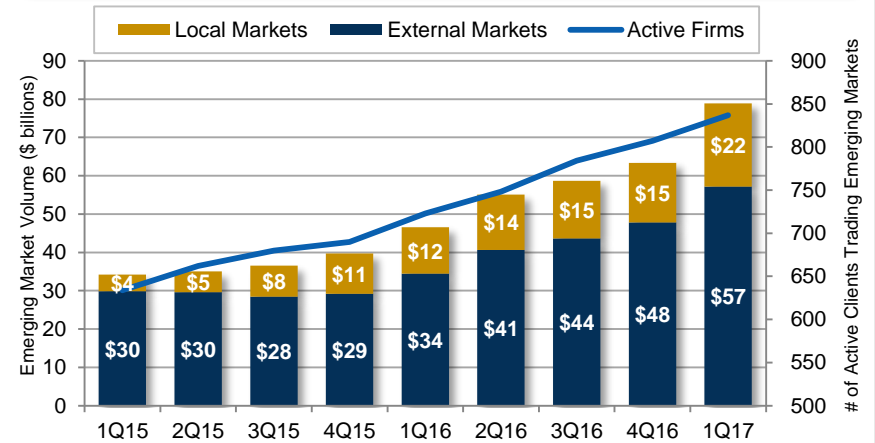
Note: Client segment based on 1Q17 trade volume of firms winning Market List trades

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.

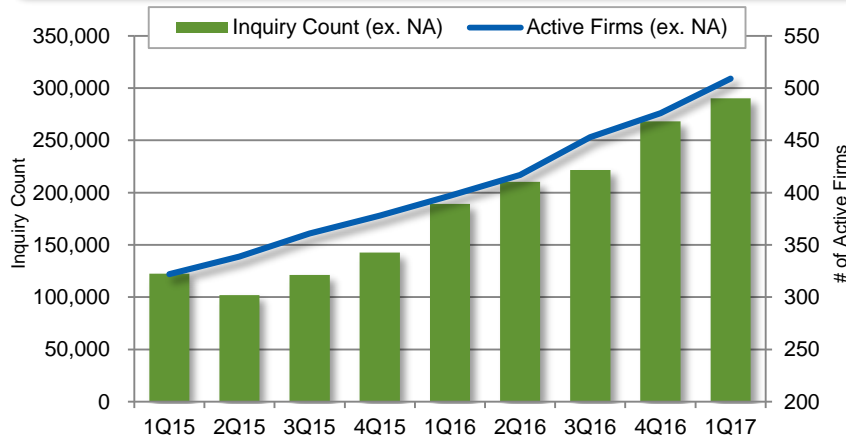
European Client Volumes



Emerging Market Volume Region and Client Count



Inquiry Count and Active Firms Outside of North America



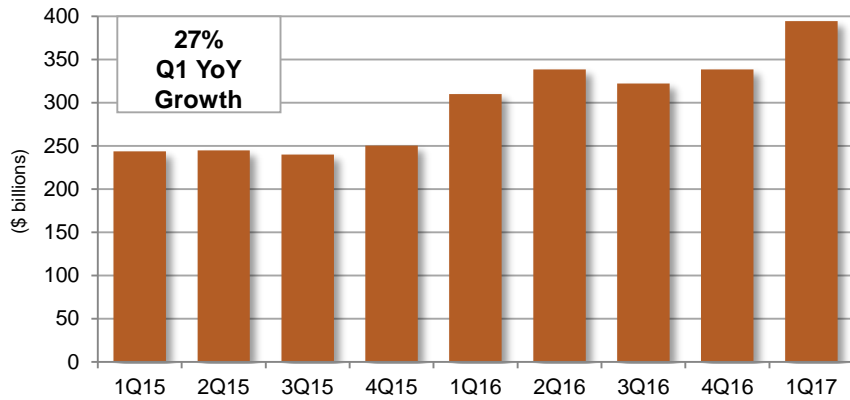
International Growth

- European client volume up 55%; 433 active client firms, up 24%
- 837 active client firms trading EM, up 16%
- EM local markets trading volume up 79%; Bonds in 25 EM local markets currency bonds available for trading
- Growing global participation with 509 active client firms outside of North America; Inquiry count up 53% in 1Q17

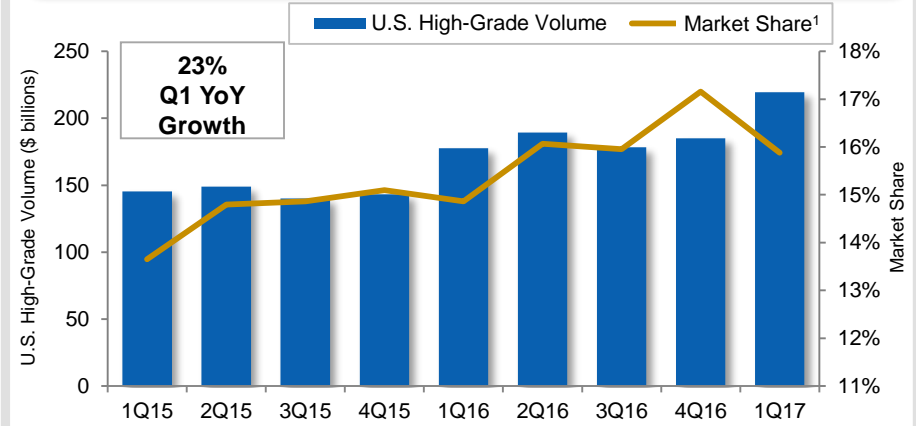
Quarterly Volume



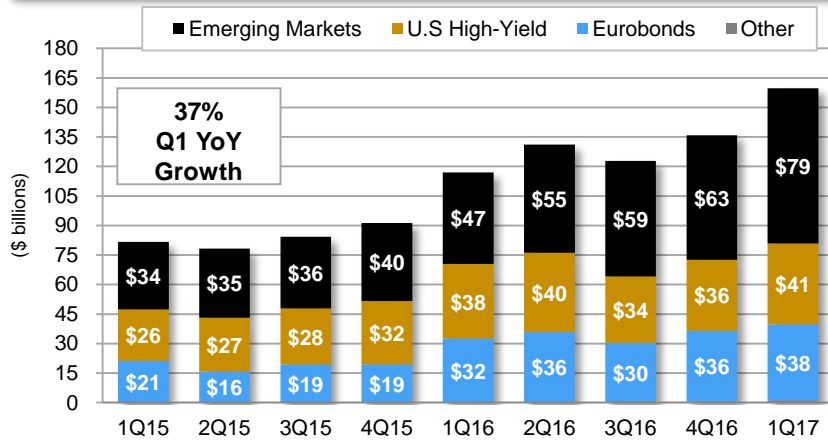
Global



U.S. High-Grade

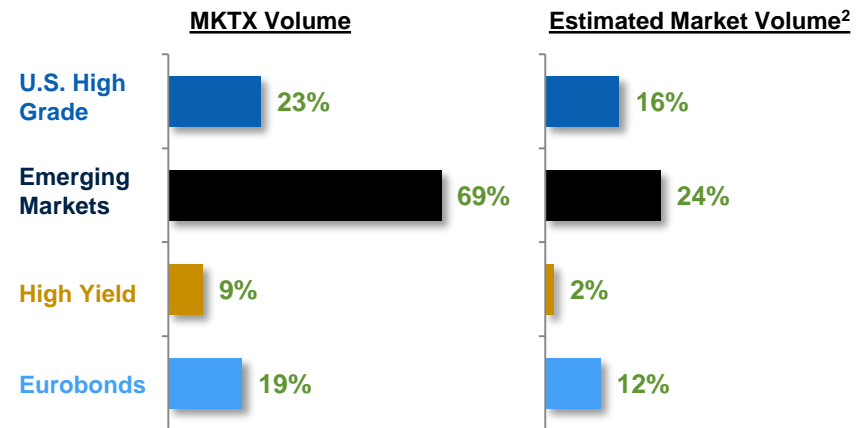


Other Credit



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

1Q17 YoY Change in MKTX and Overall Market Volumes



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>1Q17</u> | <u>4Q16</u> | <u>1Q16</u> | <u>Δ</u> <u>1Q17 vs.</u> <u>1Q16</u> |
|-------------------------------------|------------------|------------------|------------------|--------------------------------------------|
| Revenues | | | | |
| Commissions | \$ 94,022 | \$ 85,519 | \$ 79,093 | 18.9% |
| Information and Post-trade Services | 7,816 | 7,538 | 7,779 | 0.5% |
| Investment and Other Income | 2,053 | 1,379 | 1,701 | 20.7% |
| Total Revenues | <u>103,891</u> | <u>94,436</u> | <u>88,573</u> | 17.3% |
| Expenses | <u>48,284</u> | <u>44,109</u> | <u>44,203</u> | 9.2% |
| Income Before Taxes | <u>55,607</u> | <u>50,327</u> | <u>44,370</u> | 25.3% |
| Provision for Income Taxes | 13,144 | 17,162 | 15,407 | (14.7%) |
| Net Income | <u>\$ 42,463</u> | <u>\$ 33,165</u> | <u>\$ 28,963</u> | 46.6% |
| Operating Margin | 53.5% | 53.3% | 50.1% | 3.4 pts |
| EBITDA¹ | \$ 60,300 | \$ 54,619 | \$ 49,051 | 22.9% |
| Diluted EPS | \$ 1.11 | \$ 0.88 | \$ 0.77 | 44.2% |
| Diluted Shares² | 38,112 | 37,742 | 37,671 | 1.2% |

¹ See first 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) | 1Q17 | 4Q16 | 1Q16 | % Δ 1Q17 vs. 1Q16 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------------|
| Commissions | | | | |
| Transaction Fees | | | | |
| U.S. High-Grade | \$ 35,523 | \$ 34,191 | \$ 31,568 | 12.5% |
| Other Credit ¹ | 41,695 | 35,048 | 30,921 | 34.8% |
| Liquid Products ² | 630 | 699 | 620 | 1.6% |
| Total Transaction Fees | 77,848 | 69,938 | 63,109 | 23.4% |
| Distribution Fees | | | | |
| U.S. High-Grade | 15,750 | 15,107 | 14,224 | 10.7% |
| Other Credit ¹ | 280 | 346 | 1,500 | (81.3%) |
| Liquid Products ^{2,3} | 144 | 128 | 260 | (44.6%) |
| Total Distribution Fees | 16,174 | 15,581 | 15,984 | 1.2% |
| Total Commissions | \$ 94,022 | \$ 85,519 | \$ 79,093 | 18.9% |
| Trading Volume | | | | |
| U.S. High-Grade | \$ 219,394 | \$ 185,066 | \$ 177,726 | 23.4% |
| Other Credit ¹ | 159,724 | 135,799 | 116,974 | 36.5% |
| Liquid Products ² | 15,306 | 17,393 | 15,320 | (0.1%) |
| Total Trading Volume | \$ 394,424 | \$ 338,258 | \$ 310,020 | 27.2% |
| Transaction Fees per Million | | | | |
| U.S. High-Grade | \$ 162 | \$ 185 | \$ 178 | (8.8%) |
| Other Credit ¹ | 261 | 258 | 264 | (1.2%) |
| Liquid Products ² | 41 | 40 | 40 | 1.7% |
| Total | \$ 197 | \$ 207 | \$ 204 | (3.0%) |

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>1Q17</u> | <u>4Q16</u> | <u>1Q16</u> | <u>% Δ</u> <u>1Q17 vs.</u> <u>1Q16</u> |
|-------------------------------|------------------|------------------|------------------|----------------------------------------------|
| Employee Comp. and Benefits | \$ 27,401 | \$ 22,529 | \$ 24,527 | 11.7% |
| Depreciation and Amortization | 4,693 | 4,292 | 4,681 | 0.3% |
| Technology and Communications | 4,585 | 4,449 | 4,304 | 6.5% |
| Professional and Consulting | 4,279 | 4,726 | 3,862 | 10.8% |
| Occupancy | 1,404 | 1,075 | 1,161 | 20.9% |
| Marketing and Advertising | 1,886 | 3,192 | 1,778 | 6.1% |
| Clearing Costs | 1,327 | 1,306 | 1,766 | (24.9%) |
| General and Administrative | <u>2,709</u> | <u>2,540</u> | <u>2,124</u> | 27.5% |
| Total Expenses | <u>\$ 48,284</u> | <u>\$ 44,109</u> | <u>\$ 44,203</u> | 9.2% |

Balance Sheet Data



(\$ in thousands)

| | <u>3/31/2017</u> | <u>12/31/2016</u> | <u>% Δ vs. 12/31/2016</u> |
|---------------------------------------------------|--------------------------|--------------------------|-------------------------------|
| <u>Assets</u> | | | |
| Cash and Cash Equivalents | \$ 137,655 | \$ 168,243 | (18.2%) |
| Investments | 218,559 | 194,404 | 12.4% |
| Accounts Receivable, net | 56,642 | 50,668 | 11.8% |
| All Other Assets | <u>117,858</u> | <u>114,727</u> | 2.7% |
| Total Assets | <u>\$ 530,714</u> | <u>\$ 528,042</u> | 0.5% |
| <u>Liabilities and Stockholders' Equity</u> | | | |
| Total Liabilities | \$ 48,359 | \$ 60,029 | (19.4%) |
| Total Stockholders' Equity | <u>482,355</u> | <u>468,013</u> | 3.1% |
| Total Liabilities and Stockholders' Equity | <u>\$ 530,714</u> | <u>\$ 528,042</u> | 0.5% |

- **Cash, Cash Equivalents & Investments represented \$9.35 per share on a diluted basis as of March 31, 2017**
- **Total Shareholders' Equity was \$12.66 per share on a diluted basis as of March 31, 2017**

- **Significant growth in trading volume, revenue and earnings**
- **Strong market share gains across each of our core products**
- **Open Trading growth continues**
- **Growing momentum in our international business**
- **Global client footprint continues to expand across all products**