



Q2 2019 Conference Call and Webcast

July 24, 2019

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. The Company's actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including: global economic, political and market factors; 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 matched principal 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 and existing 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 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.

2Q19 Summary¹

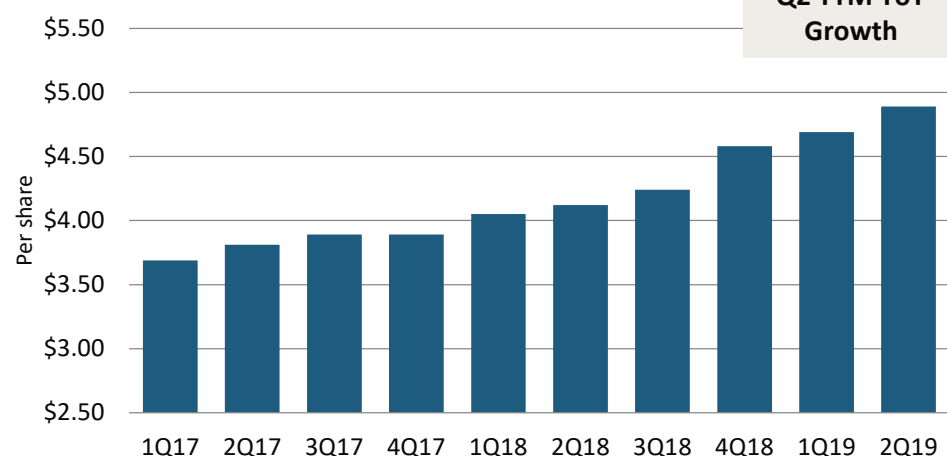
FINANCIAL HIGHLIGHTS

- Record revenues of \$125 million, up 17%
- Expenses of \$65 million, up 18%
- Operating income of \$61 million, up 17%
- Diluted EPS of \$1.27, up 19%

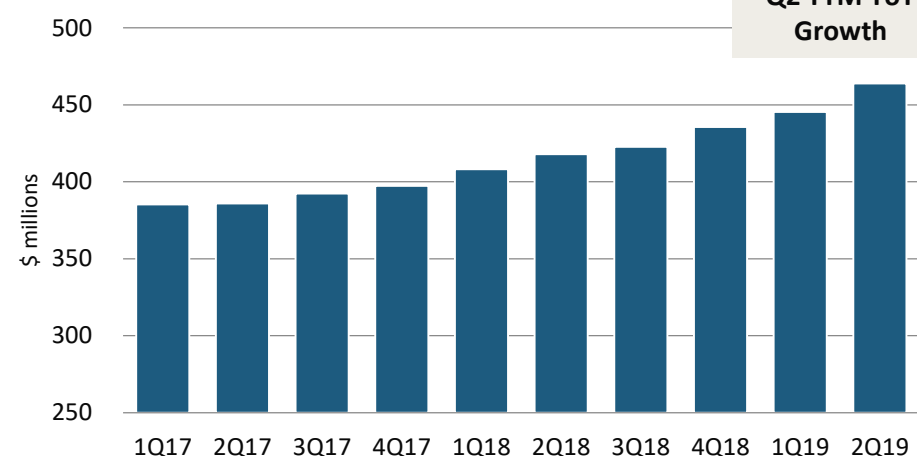
BUSINESS HIGHLIGHTS

- MKTX added to the S&P 500 index
- Record total trading volume of \$527 billion, up 25%
- Record trading volume in U.S. high-yield, Eurobonds and emerging market bonds
- Open Trading™ volume of \$131 billion, up 46%
- Record International client volume of \$162 billion, up 43%²
- Estimated U.S. high-grade market share of 18.7%

TRAILING TWELVE MONTHS EPS



TRAILING TWELVE MONTHS REVENUE

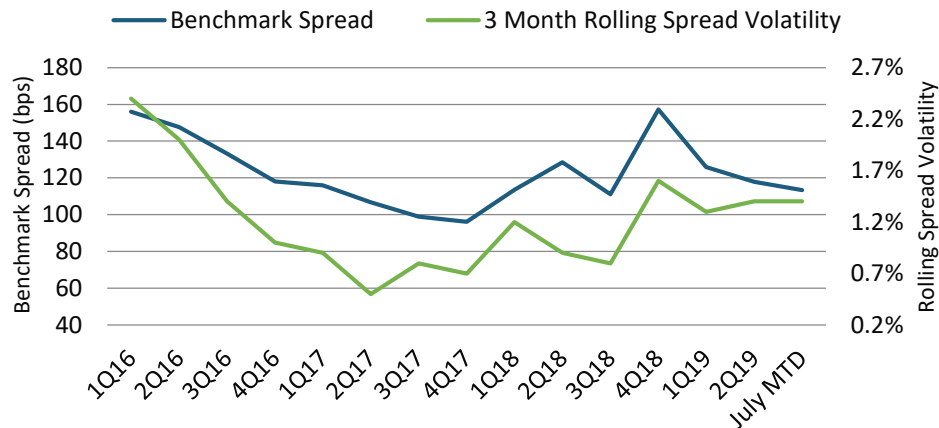


1. All period comparisons versus 2Q18 unless otherwise stated.

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

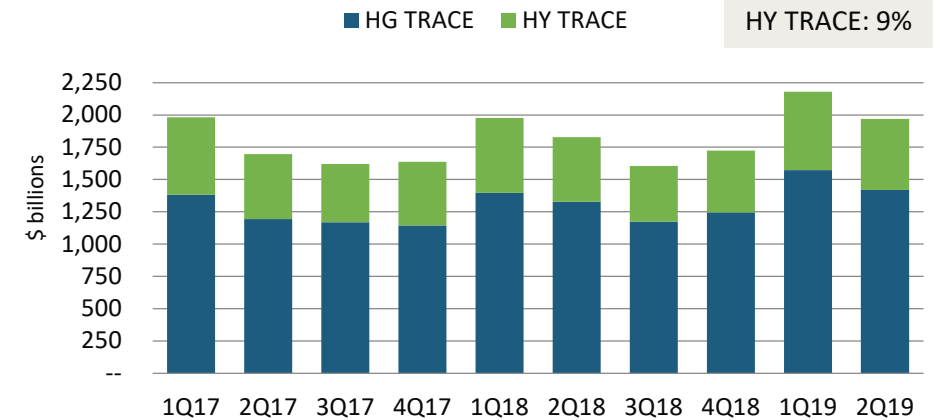
Market Conditions

LIQUID U.S. CORPORATE INDEX (LUCI)



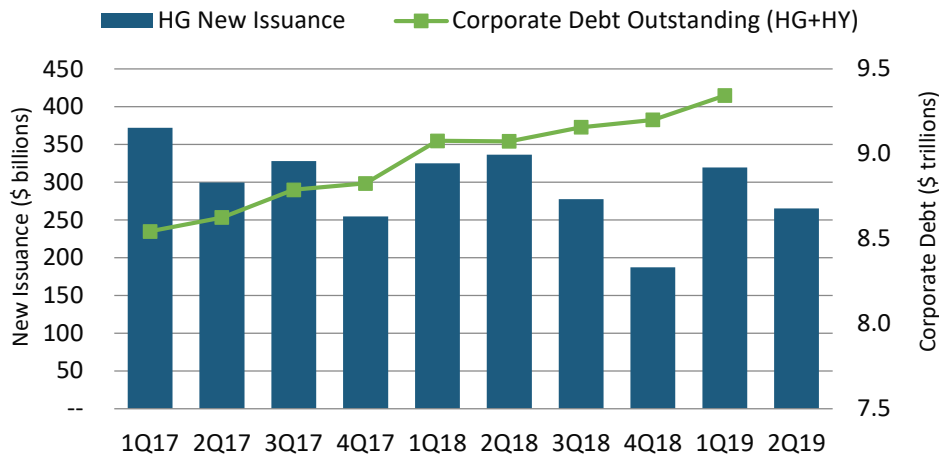
Source: Credit Suisse Global Credit Strategy; July MTD through July 22nd, 2019.

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



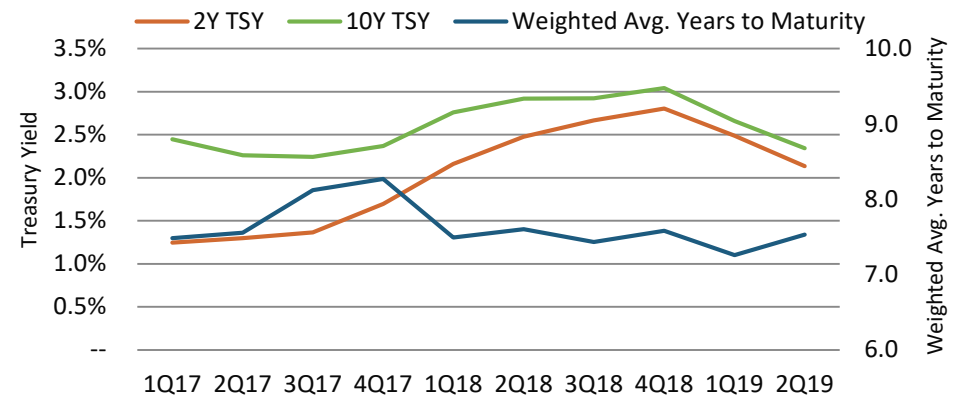
Source: BondTicker

NEW ISSUANCE & CORPORATE DEBT OUTSTANDING



Source: JPMorgan; Federal Reserve

10 YEAR & 2 YEAR TREASURY YIELD & MKTX U.S. HIGH GRADE WEIGHTED AVG. YEARS TO MATURITY



Source: Federal Reserve

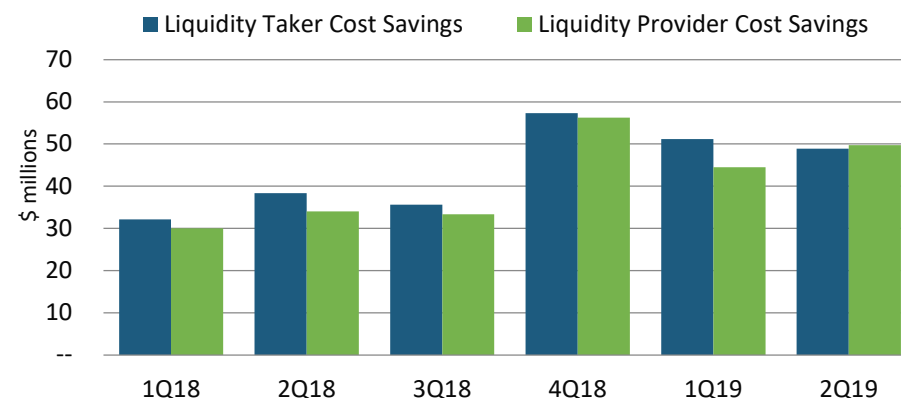
Open Trading™

HIGHLIGHTS

- Open Trading volume grew to 25% of total volume, up from 21% in 2Q18
- \$2.1 billion average daily volume, up 48% from 2Q18
- Over 334,000 total Open Trading transactions completed in 2Q19, up from 256,000 in 2Q18
- Approximately 2.3 million price responses in 2Q19, up 57% from 2Q18
- Estimated system-wide liquidity taker cost savings of \$49 million, up 27%¹, and liquidity provider cost savings of \$50 million, up 46%¹

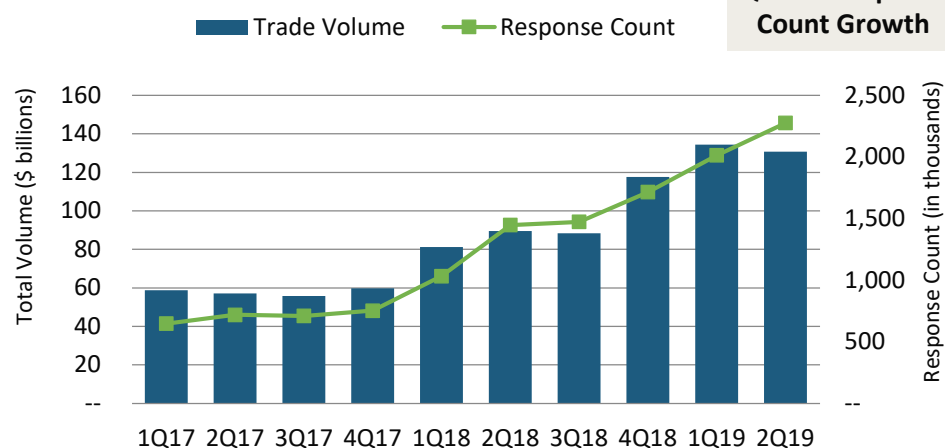
OPEN TRADING ESTIMATED TRANSACTION COST SAVINGS¹

Q2 YoY Growth
Liquidity Taker: 27%
Liquidity Provider: 46%

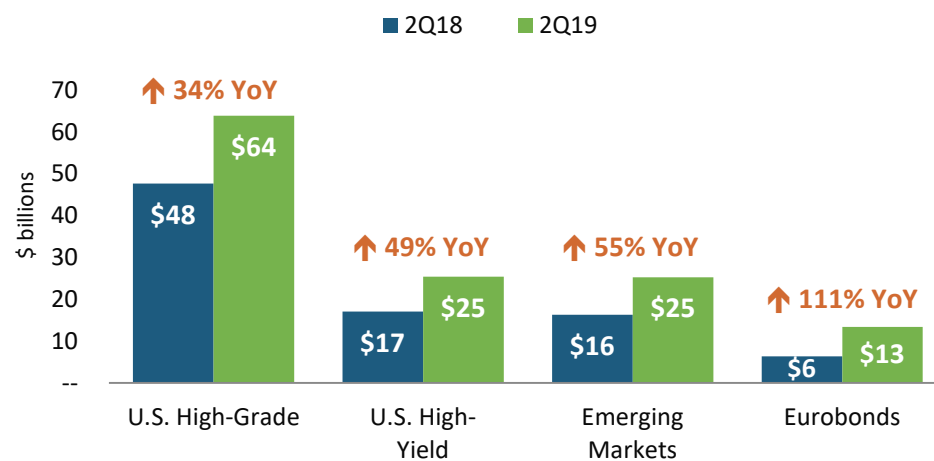


OPEN TRADING VOLUME & RESPONSE COUNT

**57%
Q2 YoY Response
Count Growth**



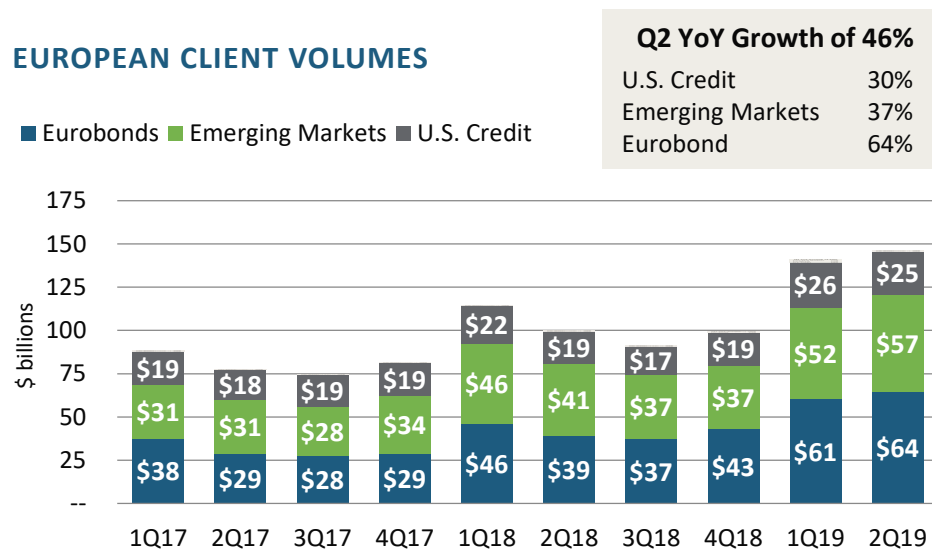
OPEN TRADING VOLUME BY PRODUCT



1. Estimated liquidity taker cost savings is defined as the difference between the winning price and the best disclosed dealer cover price. Estimated liquidity provider cost savings is defined as the difference between the winning price and then current Composite+ bid or offer level (offer if the provider is buying, bid if provider is selling) at the time of the inquiry.

Breadth of Global Network

EUROPEAN CLIENT VOLUMES



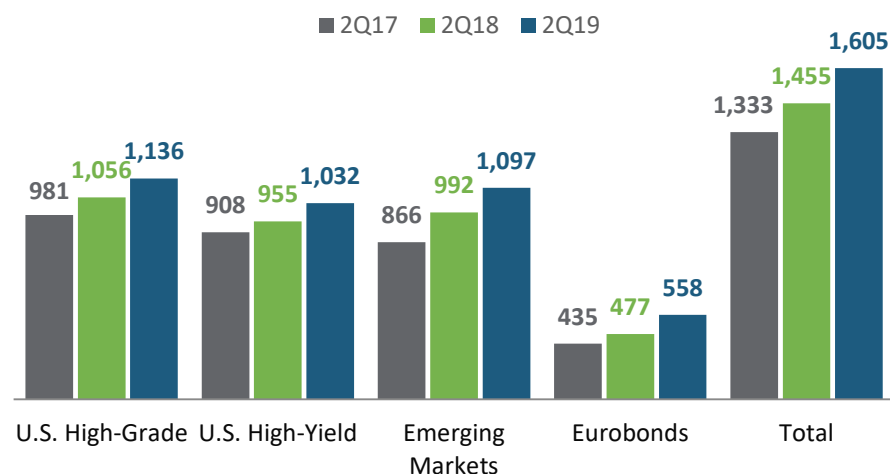
HIGHLIGHTS

- European client volume of \$146 billion, up 46%
- Emerging market volume of \$124 billion, up 27%; EM local markets trading volume up 51%
- Over 1,600 active firms globally, up 10%, and almost 800 active international client firms, up 26%¹
- Significant increase in client count across all products
- Over 900 clients trading 3 or more products, up 9%

TOTAL ACTIVE INTERNATIONAL CLIENT FIRMS¹



GLOBAL ACTIVE CLIENT FIRMS BY PRODUCT



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

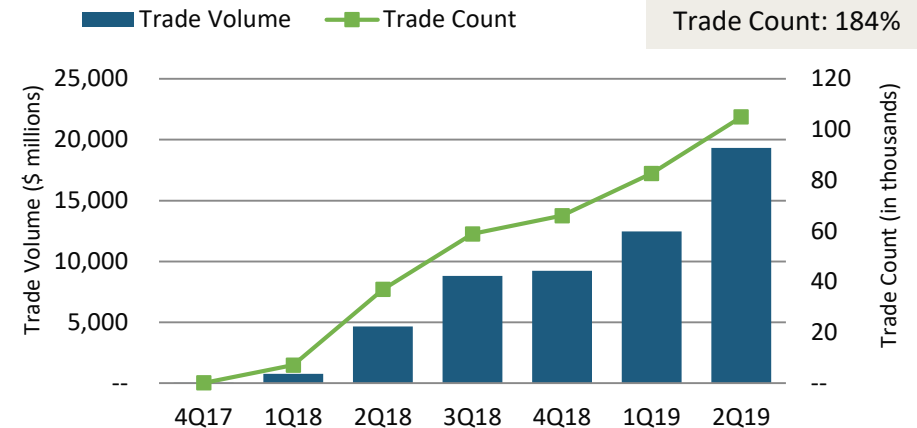
Automation Driving Increase in Trading Activity

HIGHLIGHTS

- Approximately 2.4 million algo responses in 2Q19, up 81% from 2Q18¹
- 105,000 trades used auto execution functionality, up from 37,000 trades in 2Q18
- 47 large global asset managers used auto execution functionality in 2Q19, up from 23 in 2Q18

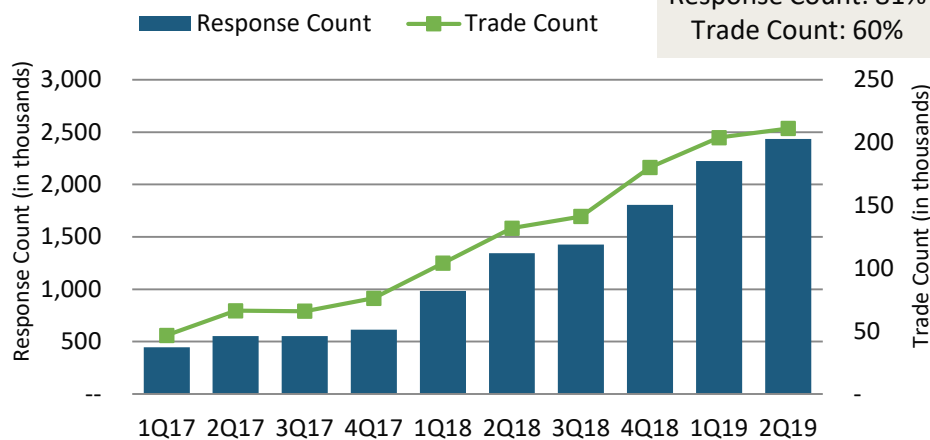
AUTO EXECUTED TRADE VOLUME AND COUNT

Q2 YoY Growth
Trade Volume: 314%
Trade Count: 184%

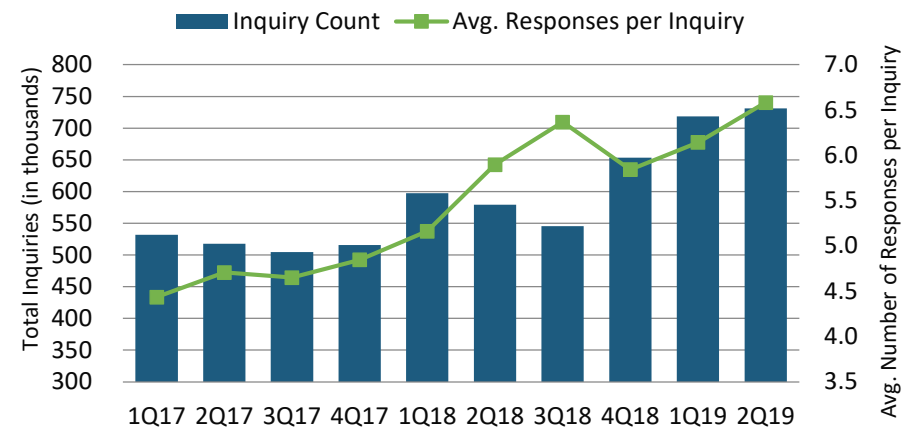


TOTAL ALGO TRADES & RESPONSES¹

Q2 YoY Growth
Response Count: 81%
Trade Count: 60%



U.S. HIGH-GRADE TOTAL INQUIRY AND AVERAGE NUMBER OF RESPONSES PER INQUIRY



1. Algorithmic responses for U.S. high-grade and U.S. high-yield spread based trades only

New Business Initiatives and System Protocols

Self Clearing

- Enhance our current clearing and settlement process by transitioning to self clearing in the U.S. and a new settlement agent outside of the U.S.
- Significant cost savings and a more scalable cost structure

Live Markets Initiative

- Initiative aimed at capturing trades in new issues and other actively traded bonds with an all-to-all order book solution aimed at the institutional market
- Expected launch in 4Q19

Portfolio Trading

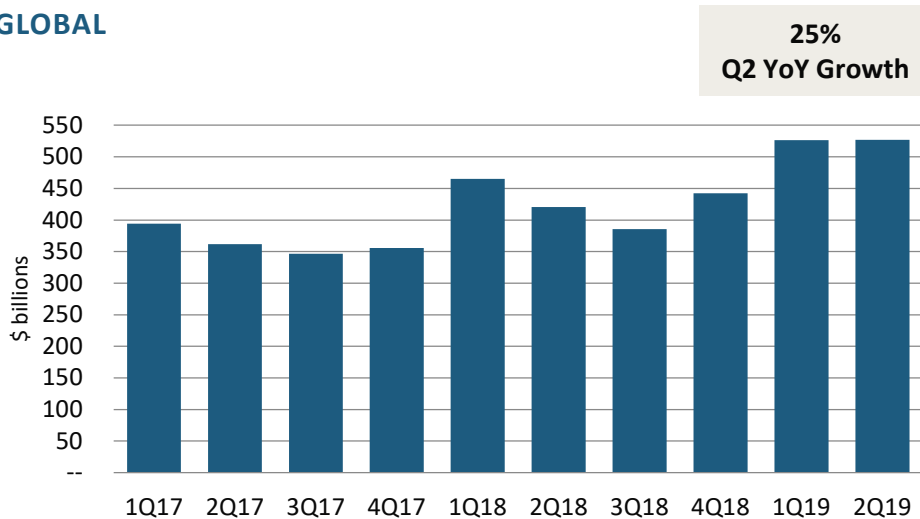
- A new solution that will create a streamlined protocol for institutional investors to price and transact large, customized, fixed income portfolios while demonstrating best execution with competitive pricing and industry-leading analytics
- Expected launch in 4Q19

Virtu RFQ Hub

- MarketAxess is partnering with Virtu to offer clients an RFQ trading platform for ETF shares with both disclosed and anonymous trading capabilities
- Real time analytics via eNAV – new data product supported by CP+ and Virtu’s global valuation business

Quarterly Volume Growth

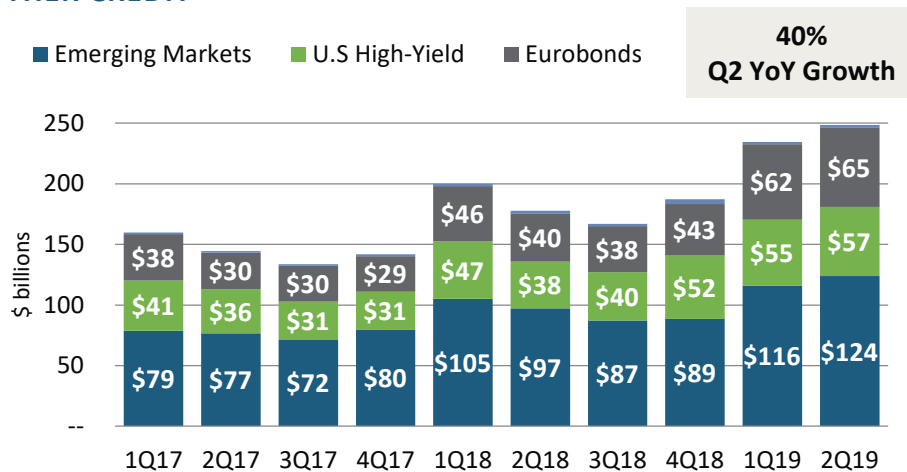
GLOBAL



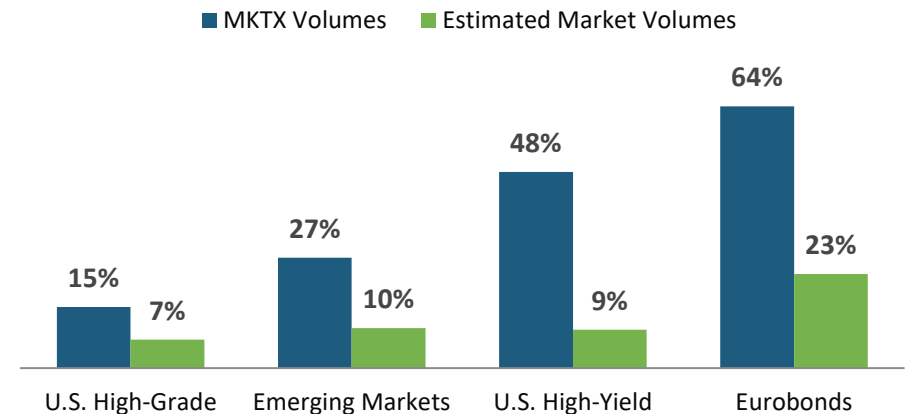
U.S. HIGH-GRADE



OTHER CREDIT



2Q19 YOY CHANGE IN MKTX VOLUMES AND ESTIMATED MARKET VOLUMES¹



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

Earnings Performance

(\$ in thousands, except per share data)

	<u>2Q19</u>	<u>1Q19</u>	<u>2Q18</u>	<u>% Δ 2Q19 vs. 2Q18</u>
Revenues				
Commissions	\$ 114,124	\$ 112,760	\$ 96,113	18.7%
Information Services	7,156	7,366	6,930	3.3%
Post-trade Services	3,956	4,100	3,620	9.3%
Other Income	254	265	301	(15.6%)
Total Revenues	<u>125,490</u>	<u>124,491</u>	<u>106,964</u>	<u>17.3%</u>
Expenses	<u>64,613</u>	<u>61,302</u>	<u>54,930</u>	<u>17.6%</u>
Operating Income	<u>60,877</u>	<u>63,189</u>	<u>52,034</u>	<u>17.0%</u>
Investment Income and Other, net	<u>2,032</u>	<u>2,031</u>	<u>1,176</u>	<u>72.8%</u>
Income Before Taxes	<u>62,909</u>	<u>65,220</u>	<u>53,210</u>	<u>18.2%</u>
Provision for Income Taxes	<u>14,804</u>	<u>12,698</u>	<u>12,723</u>	<u>16.4%</u>
Net Income	<u><u>\$ 48,105</u></u>	<u><u>\$ 52,522</u></u>	<u><u>\$ 40,487</u></u>	<u><u>18.8%</u></u>
Operating Margin	48.5%	50.8%	48.6%	-0.1 pts
EBITDA ¹	\$ 69,254	\$ 71,302	\$ 59,000	17.4%
Diluted EPS	\$ 1.27	\$ 1.39	\$ 1.07	18.7%
Diluted Shares ²	37,910	37,832	37,862	0.1%

1. See second quarter 2019 earnings release and the Investor Relations section of the Company's website for a reconciliation of net income to EBITDA.

2. 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)

	2Q19	1Q19	2Q18	% Δ 2Q19 vs. 2Q18
<u>Commissions</u>				
Transaction Fees				
U.S. High-Grade	\$ 42,914	\$ 42,501	\$ 36,401	17.9%
Other Credit ¹	47,233	46,034	34,765	35.9%
Liquid Products ²	615	557	488	26.0%
Total Transaction Fees	<u>90,762</u>	<u>89,092</u>	<u>71,654</u>	<u>26.7%</u>
Distribution Fees				
U.S. High-Grade	17,483	17,978	18,261	(4.3%)
Other Credit ¹	5,774	5,558	6,042	(4.4%)
Liquid Products ²	105	132	156	(32.7%)
Total Distribution Fees	<u>23,362</u>	<u>23,668</u>	<u>24,459</u>	<u>(4.5%)</u>
Total Commissions	<u>\$ 114,124</u>	<u>\$ 112,760</u>	<u>\$ 96,113</u>	<u>18.7%</u>

(\$ in millions)

<u>Trading Volume</u>				
U.S. High-Grade	\$ 265,360	\$ 277,410	\$ 230,519	15.1%
Other Credit ¹	248,503	234,491	177,681	39.9%
Liquid Products ²	13,174	14,276	12,550	5.0%
Total Trading Volume	<u>\$ 527,037</u>	<u>\$ 526,177</u>	<u>\$ 420,750</u>	<u>25.3%</u>
<u>Transaction Fees per Million</u>				
U.S. High-Grade	\$ 162	\$ 153	\$ 158	2.5%
Other Credit ¹	190	196	196	(3.1%)
Liquid Products ²	47	39	39	20.5%
Total	<u>172</u>	<u>169</u>	<u>170</u>	<u>1.2%</u>

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.

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Expense Detail

(\$ in thousands)

<u>Expenses</u>	<u>2Q19</u>	<u>1Q19</u>	<u>2Q18</u>	% Δ 2Q19 vs. 2Q18
Employee Compensation and Benefits	\$ 32,623	\$ 32,658	\$ 26,199	24.5%
Depreciation and Amortization	6,345	6,082	5,790	9.6%
Technology and Communications	6,474	5,782	5,793	11.8%
Professional and Consulting	6,296	5,831	5,426	16.0%
Occupancy ¹	2,798	2,949	3,467	(19.3%)
Marketing and Advertising	3,667	2,299	3,535	3.7%
Clearing Costs	2,610	2,577	2,012	29.7%
General and Administrative	3,800	3,124	2,708	40.3%
Total Expenses	\$ 64,613	\$ 61,302	\$ 54,930	17.6%

1. Occupancy costs in the first quarter of 2019 and the second quarter of 2018 includes \$0.3 million, \$1.8 million, respectively, in duplicate expense recognized during the build-out phase of the Company's new corporate offices in New York.

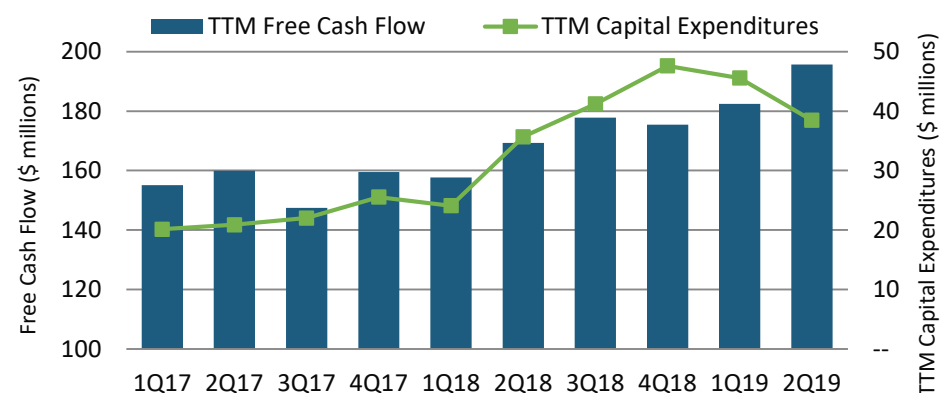
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Balance Sheet Data

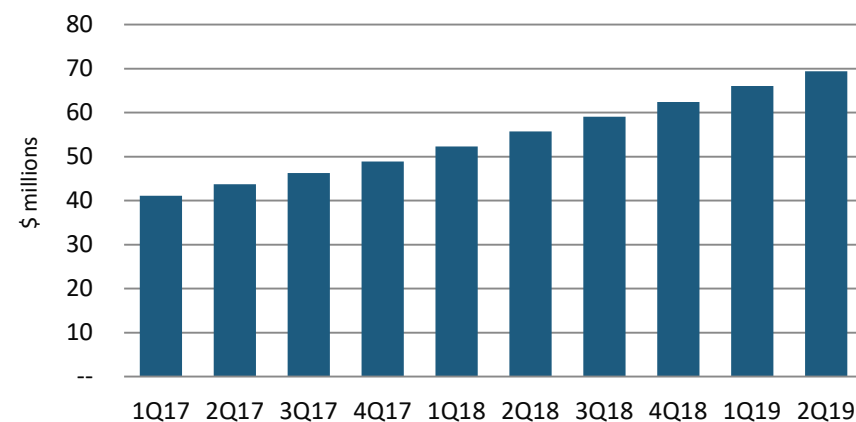
(\$ in thousands)

	<u>6/30/2019</u>	<u>12/31/2018</u>
Assets		
Cash and Cash Equivalents	\$ 286,179	\$ 246,322
Investments	231,895	240,105
Accounts Receivable, net	66,332	57,535
Operating Lease Right-of-use Assets ¹	76,722	-
All Other Assets	150,881	151,577
Total Assets	\$ 812,009	\$ 695,539
Liabilities and Stockholders' Equity		
Operating Lease Liabilities ¹	\$ 89,712	\$ -
All Other Liabilities	60,389	87,661
Total Liabilities	150,101	87,661
Total Stockholders' Equity	661,908	607,878
Total Liabilities and Stockholders' Equity	\$ 812,009	\$ 695,539

TTM FREE CASH FLOW AND CAPITAL EXPENDITURES



TTM QUARTERLY DIVIDENDS



1. During the first quarter 2019, the Company adopted a new lease accounting standard and recorded new operating lease right-of-use assets and operating lease liabilities.

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Summary

- Electronic trading volumes showing strong momentum across all products and regions
- Open Trading delivering meaningful transaction cost savings
- Breadth of global network driving increase in penetration across products
- Continued growth in contribution from international clients
- Trading automation accelerating in credit for investors and dealers
- Investing in new product and trade settlement opportunities



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