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MKTX - Q1 2016 Marketaxess Holdings Inc Earnings Call

EVENT DATE/TIME: APRIL 27, 2016 / 1:00PM GMT

THOMSON REUTERS

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. At this time all participants are in listen-only mode. Later we will conduct a question-and-answer session. (Operator Instructions). As a reminder, this conference is being recorded April 27, 2016.

I would now like to turn the call over to Mr. Dave Cresci, Investor Relations Manager at MarketAxess. Please go ahead, sir.

David Cresci - *MarketAxess Holdings Inc. - IR Manager*

Good morning. Welcome to the MarketAxess first-quarter 2016 conference call. For the call Rick McVey, Chairman, Chief Executive Officer, will review the highlights of the quarter and will provide an update on trends in our business and then Tony DeLise, Chief Financial Officer, will review the financial results.

Before I turn the call over to Rick, let me remind you that today's call may include forward-looking statements. These statements represent the Company's beliefs regarding future events that by their nature are uncertain. The Company's actual results and financial conditions may differ materially from what is indicated in those forward-looking statements. For a discussion of some of the risks and factors that could affect the Company's future results, please see the description of risk factors in our annual report on Form 10-K for the year ended December 31, 2015.

I would also direct you to read the forward-looking statements disclaimer in our quarterly earnings release which was issued earlier this morning and is now available on our website.

Now let me turn the call over to Rick.

Rick McVey - *MarketAxess Holdings Inc. - CEO*

Good morning and thank you for joining us to discuss our first-quarter 2016 results. This morning we reported record first-quarter results driven by record trading volumes and an acceleration in market share gains across each of our four core products of US high-grade, US high-yield, emerging markets and eurobonds.

First-quarter revenues were a record $89 million, up 15% compared to Q1 2015. Record pretax income for the quarter was $44 million, up 15% from a year ago and diluted EPS was up 18% to $0.77.

Our estimated US high-grade market share was 14.9% in Q1, up from 13.7% a year ago and estimated high-yield market share was 6.4%, up from 4.8%. We believe that share gains in euro bonds and emerging market bonds were similar to the high-yield pace.

Open Trading adoption accelerated and reached record volume and participation in the first quarter. Transaction cost savings continue to grow as Open Trading solutions identified more trade matching opportunities for our clients.

Slide four highlights our trading volume across product categories. Our overall global trading volumes were $310 billion up from $244 billion one year ago. We surpassed $5 billion in average daily trading volume in the first quarter, one quarter after reaching $4 billion in ADD for the first time.

US high-grade volumes were a record $178 billion for the quarter, up 22% from the first quarter of 2015 on a combination of a 1.2 percentage point increase in estimated market share and a 12% year-over-year improvement in estimated high-trade TRACE volume.

Volume in the other credit category increased 43% year-over-year as trading in euro bonds, high-yield and emerging market bonds each achieved record quarterly levels. We are excited about our recent launch of municipal bond trading and the opportunity to deliver broader access to liquidity and greater efficiency to this highly fragmented market. Today we have approximately 65 dealers and 200 investor clients on-boarded to trade Muni bonds and we expect this roster to expand in the coming months.

Based on MSRB data, we estimate the secondary trading in municipal bonds averages around $6 billion per day. We have implemented a tiered fee schedule based on maturity and trade size and currently expect that fees per million traded will be between $350 and $400.

With three trading days remaining in April, estimated high-grade market share is running above the first-quarter level. Total average daily trading volume for April is similar to the first quarter 2016 level while market volumes are slightly lower.

Slide five provides an update on market conditions. Overall market volumes reported by TRACE hit record levels in the first quarter with high-grade volumes up 12% and high-yield volumes up 9% from a year ago. The expansion of trading volume reflects the growing size of debt outstanding in the credit markets and the global demand for yield. Fixed income mutual fund flows stabilized while dealer inventories remained well below historical levels. Many dealers have scaled back their credit market-making activities while others have exited entirely. Our solutions are increasingly valuable in a market where the traditional providers of liquidity are adjusting to the constraints of new regulations and higher capital costs.

Slide six provides an update on Open Trading. Open Trading volumes more than doubled year-over-year reaching a record $37 billion in the first quarter. Over 82,000 [ALT-A] trades were completed during the quarter compared to 35,000 in Q1 of 2015. Open Trading average daily volume was up 36% sequentially versus the fourth quarter. We were especially encouraged by the increasing number of unique liquidity providers or price makers on the platform which grew to 527 firms, up from 346 in Q1 a year ago. This expanding pool of participants helped drive a 259% year-over-year increase in Open Trading price responses.

In the first quarter of 2016, transaction cost savings for US high-grade open trades averaged five basis points in yield and high-yield trades had average savings of 0.5 point or $5000 per million traded. We continue to invest in new and innovative trading protocols to expand the set of Open Trading solutions for our clients. Our most recent technology release includes private trade order blotter matching to limit information leakage for larger trades as well as Open Trading functionality for the municipal bond market.

We are encouraged by the growing success of Open Trading as an alternative pool of liquidity for large and growing global credit markets.

Slide seven provides an update on Europe. Our European business continues to grow with a 46% year-over-year increase in trading volumes from European clients during Q1. European client volume growth was driven by Eurobond, emerging markets and US credit product trading.

Data revenue was up 17% year-over-year. We are also encouraged by the rapid adoption of Open Trading in Europe with 65% of Eurobond inquiries now being submitted to Market Lists. The ECB has recently announced plans to add investment grade corporate bonds denominated in euros to the asset purchase program beginning in June. The current expectation is that most of these bonds will be purchased in a primary or new issue market. Depending on the size of the corporate bond purchases, this could crowd out the private sector purchases or corporate bonds and at the margin reduce overall secondary turnover for some bonds.

MiFID II is expected to be implemented in 2018 expanding opportunities in electronic trading, data and regulatory reporting. The regulations will require increased regulatory transaction reporting for both investor and dealer firms and will bring greater transparency to European markets. We are enthused about our growing involvement in European markets.

Now let me turn the call over to Tony for more detail on our financial results.

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Thank you, Rick. Please turn to slide eight for a summary of our quarterly earnings performance.

Revenue reached a record $89 million, up 15% from a year ago. The record trading volumes led to an 18% year-over-year improvement in quarterly commission revenue. Absent the impact of the strengthened dollar, information and post-trade revenue was up 6% mainly driven by a 12% increase in data revenue. Total expenses were $44 million, up 16% year-over-year and reflect our continuing investments in people and systems to support our growth initiatives.

Compared to the first quarter of 2015, our headcount increased by 54 with the vast majority related to newly created positions sitting in technology and customer facing positions.

The effective tax rate was 34.7% for the first quarter. The year-over-year reduction in the effective tax rate reflects a higher percentage of income attributable to lower tax rate jurisdictions.

Our diluted EPS was $0.77 on a stable diluted share count of 37.7 million shares.

On slide nine we have laid out our commission revenue, trading volumes and fees per million. Variable transaction fees were up 23% year-over-year as the increase in trading volume was offset by a slight decline in overall transaction fees per million. Our US high-grade fee capture is influenced by a number of factors including the duration of bonds traded on the platform, trade size and dealer fee [plans]. The $6 per 1 million sequential increase in high-grade fee capture was due primarily to slightly higher years to maturity and the small shift in TRACE size.

In line with the comments made on the year-end earnings call, distribution fees were sequentially lower reflecting the movement of several dealers to the all variable fee plan during the fourth quarter.

Our other credit category fee capture is influenced by the product mix between Eurobonds, emerging markets and high-yield and mixed with enterprise. The $21 per million sequential decline in fee capture was due to several factors.

We experienced higher growth in trading volumes from Eurobonds, a greater percentage of high-yield bonds traded on our spread protocol and emerging market trading volume skewed toward sovereign bonds versus corporate bonds. Each of these mix changes resulted in a heavier weighting to lower fee capture products.

Slide 10 provides you with the expense detail. The majority of the $4.5 million sequential increase in expenses was due to higher compensation and benefits cost. The variable bonus accruals which is tied directly to operating performance was $1.7 million higher. Employment taxes and benefits were $1.1 million higher and reflect the typical first-quarter seasonality where items like employer taxes are front-end loaded.

Salaries were also $700,000 higher and reflect the headcount increase and the wage adjustments effective the first of the year. An increase in third-party clearing costs associated with the growth in Open Trading and larger reference data spend to support new product launches accounted for the remainder of the [variation].

We continue to target a roughly 10% increase in employee headcount over the course of this year when compared to that year-end 2015 balance. The timing of the expected discount increase level of performance based variable incentive compensation and foreign currency movements between the dollar and the pound sterling among other items could cause variations in the expense outcome.

On slide 11, we provide balance sheet information. Cash and investments as of March 31, were $285 million and consistent with year-end 2015 levels. During the first quarter, we paid out our year-end employee cash bonuses and related taxes of roughly $27 million, a quarterly cash dividend of $10 million, and capital expenditures of $6 million. We have no bank debt outstanding and didn't borrow against our revolving credit facility.

We initiated repurchases under our new share buyback program on March 1 to offset dilution from equity grants. During the first quarter, we repurchased 10,000 shares at a cost of $1.2 million. As of March 31, approximately $24 million was available for future repurchases under the program. Based on the first-quarter results, our Board has approved a $0.26 regular quarterly dividend.

Now let me turn the call back to Rick for some closing comments.

Rick McVey - *MarketAxess Holdings Inc. - CEO*

Thank you, Tony. Our first-quarter results reflect a broad based increase in demand for electronic trading solutions in global credit markets. We are encouraged by the breadth of volume and market share gains across products, regions and client segments. The market need for Open Trading solutions to more easily connect buyers and sellers of bonds is becoming more apparent each quarter. Our launch of municipal bond trading is another step toward expanding our footprint to provide our clients with best-in-class technology solutions in new areas of the credit market.

Now I would be happy to open the line for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Mike Adams, Sandler O'Neill.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

Good morning, gentlemen. Congrats. You did it again, another record quarter here.

So first question on Europe, a big uptick in the eurobond volume in the first quarter. I think it was up like 70% sequentially give or take. So could you dissect this growth a bit between seasonal factors, new customer adds, share gains, anything else worth mentioning? And then what do you attribute these gains to because you have been investing in Europe for awhile so what was the tipping point for customers?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

Mike, it is really a continuation of what was started last year. You will recall we did make some protocol changes the first of last year, the first of 2015, where we opened up the trading protocol to give clients choice of the dealer's (inaudible) increase. We launched Open Trading a year ago. That has made a difference and honestly we have more clients engaged in eurobonds today than we have ever had in the past. We had an increase -- this is just year-over-year -- we had an increase of about 30% in the number of clients that are actively trading eurobonds. So we are delivering more value to the content on the platform. It is driving more order flow to the platform, some of that is driven around protocols, around data that is exposed to the platform. It is a combination of all of that.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

Got it. And then a somewhat similar question on some of the statistics you are providing on Open Trading. But the big spike in the response count this quarter, what are you going to attribute that to and what percentage of your customers at this point are actually price makers?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

So that is 525 or so that were responding on the system during the first quarter would represent approximately 50% of the active clients on the system which we think is a very encouraging sign. And as you heard in the prepared remarks as the participation grows and the price responders, the transaction cost savings are also growing. So this is a virtuous cycle where the more people that are in the pool the better transaction cost savings that we can deliver.

So I think what it reflects, Mike, is the behavioral change is taking place and the combination of traditional market participants that now have a new way to provide and source liquidity in the credit markets as well as our platform enabling new participants to be more involved in credit market making than they have in the past. So it was a very encouraging quarter for us in Open Trading and we are seeing positive results across most of our product areas.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

Got it. Last one for me but muni bond trading, it has been up for I think up right now for all of two weeks so it is a bit premature to go here. But I would like to anyway. What has been the initial response from customers, the good and the bad and what kind of volume has been executed on the platform to date?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

Yes, it is very early. In fact, it is not even two weeks, Mike. It is about six days of trading so very difficult to draw any immediate conclusions from the activity level. The client and dealer response has been very positive. We think the first release of the municipal bond technology is very well received. Like with all products, we have plenty of ideas on enhancements on the upcoming releases and the technology continue to get better but there are a lot of things that I like. It is very simple when you look at past successes that you really need three key components. You need a comprehensive technology solutions (inaudible) in that market. We are highly confident that we have that with single security solutions, bid and offer Open Trading all live for municipal bond trading, you need broad-based dealer pricing and liquidity. We already have about 65 dealers on-boarded for municipal bond trading. We expect that number to grow to something like 90 to 100 over the coming months. So we have broad-based dealer interest in the product.

Within that, I am very encouraged because the other thing we are getting with munis are new clients to the platform and nearly half of the dealers that have come on MarketAxess are brand-new broker-dealers for the Company.

And then third, you need broad-based investor demand and that is showing up as well with the 200 clients that have on-boarded for munis with more coming again in the coming months. And the early experience for them has been positive.

So we don't have specific volume information to report but we are trading munis every day and more clients are testing the software and having good results. We expect the balance of this quarter will be about laying the foundation in terms of blocking and tackling and certain dealer approvals to trade with clients and the training that is going on for all the municipal desks both buy side and sell side. But we think we are in really good shape and the third quarter will probably be a better reflection of the adoption rates.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

Got it. Great color, Rick. I will get back in the queue. Thanks.

Operator

Kyle Voigt, KBW.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

Good morning, gentlemen. So just first question would be on Open Trading, just a follow-up. So the market list trade count by client segment, it looks like the percentage of long only investment managers winning these trades is growing pretty substantially. So I think it was at 48% in the first quarter, up from 33% in the fourth quarter. So can you just kind of elaborate on what is driving that growing proportion of long only winning the trades? Is it just more long only getting comfortable with putting back prices or is there any color that you can provide there? Thanks.

Rick McVey - *MarketAxess Holdings Inc. - CEO*

I think it is a couple of things. It is 48% of the volume in Open Trading is being completed with price responders from the long only community. Their average ticket sizes are higher than some participants on the platform. But it also reflects as you suggested a behavioral change for many of them and the number of opportunities that we are providing today are creating more and more focus for traditional investment managers that see new ways to buy and sell bonds in the secondary market.

And we also see a trend where more and more traditional investment managers are hiring trading skills from the Street where there are people very comfortable with being opportunistic price makers and that is starting to come through on the platform as well.

There is still a lot of work to do. This is a big change for investment managers that typically had a fairly rigid trading process and structure and historically have gone to dealers for pricing. So I would not underestimate the amount of change that is still in front of us but sequentially, we are very encouraged by the results that we see and the investment management community continuing to move in that direction.

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Kyle, just one clarifying point just to be clear on that slide. That slide is showing the volume distribution by segment, by client segment. If you look back in prior quarters, it was a trade count distribution. Everything Rick provided in terms of color is more engaged in the buy side and has to look (inaudible). It is just the view was a little bit different quarter to quarter.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

So this is notional versus the actual count last quarter?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Exactly right.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

So just another question I guess on expenses. So if you annualized the first quarter expenses you get to above the high-end of your guidance range. So am I right to think about this was a step function in the first quarter and there might be some tapering off of expenses throughout the year or should we expect the expense base to continue to build? Thanks.

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

On the expenses in the earnings press release, we did reconfirm our expense guidance and the expense guidance was $168 million to $176 million. You can't simply take the first quarter really and use that as a jumping off point. It is a bit of an anomaly every first quarter where you have employer taxes and 401(k) matching other items which hit really in the first quarter. So it is not one where you can just take that number and jump off.

It is a little early to say where we are going to fall within that range and within the guidance range. I mentioned in the prepared remarks some swing factors with employee headcount and variable incentive pay and foreign exchange. Those are all items that could swing the outcome.

But I will leave you with one message and that is just we are continuing to invest. We think the time is right with all the market structure changes going on. We are expanding the addressable market and increasing the geographic reach and launching new products and we are going to continue on that path.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

Okay, understood. And then just one last follow-up, sorry, Rick, I missed this. Can you repeat what you said in terms of high-grade market share for April so far? I think you said roughly the same as 1Q but I just wanted to confirm that.

Rick McVey - *MarketAxess Holdings Inc. - CEO*

We actually said that the April month to date high-grade share is running above the first quarter level and total average daily volume on the system is consistent with the first-quarter level.

Kyle Voigt - *Keefe, Bruyette & Woods - Analyst*

Okay, thank you.

Operator

Hugh Miller, Macquarie.

Hugh Miller - *Macquarie Research - Analyst*

Thanks for taking my questions. Good morning. So definitely appreciate some of the color you guys provided with the granularity on the municipal bond trading, pricing fee capture, that type. Was wondering can you just remind us again as you think about the longer-term addressable market for that product for electronic trading where do you see that? And as we think about trading maybe a year from now, is there a particular market share goal that you guys have set?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

We think the significant portion of the municipal bond market is addressable for electronic trading. It's got some similar characteristics to the corporate bond market in terms of a very high percentage of small tickets. And as you know, we continue to add trading enhancements that are designed to help with the concern about information leakage for larger trades. So we think a significant portion of the market will be addressable by electronic trading venues.

We haven't set a specific market share target. We have internal estimates, it is really difficult to predict and these markets historically always take time to get clients to change their trading behavior and move more of their business electronic.

I would repeat though anecdotally as we launch this product, the feedback we are getting from both investors and dealers in my opinion is the most positive we have ever seen. So we are cautiously optimistic that the adoption rates for this product area could be faster than we have seen in the past but we don't have any specific market share targets to share with you today.

Hugh Miller - *Macquarie Research - Analyst*

Sure, sure. That is definitely helpful and I understand it is completely early days. But given that roughly half of the dealers that you are bringing onto the platform for munis are newer to MarketAxess, what are some of the anticipated challenges from getting people comfortable with the system and responding in those types of things? Are there lessons that you have learned from other rollout that you guys expect to kind of aid that? And what are the challenges you anticipate just from kind of getting used to and leveraging the platform for these dealers?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

I think two things. One, part of the headcount increase that Tony talked about earlier was specific to the muni product so we have been bringing in experienced muni bond professionals and are working with dealers as well as dedicated investor desk and also helping our own sales force that covers investors more broadly to understand the nuances and specifics to the muni bond market.

But the other point is I would say two things. We get very high marks for the ease of use of our technology platform. By all accounts, it is very intuitive, the logic is comfortable for dealers and investors because we do try to replicate the practices in each individual market. So we are confident that we will have a successful launch in terms of client and dealer usage and ease on the platform.

Finally, I think what ultimately drives the case of all this is investor order flow. So the key is generating the investor demand and the order flow that makes it more interesting for dealers that are providing a market making role. And so we are working very hard on the investor side to get them to understand the benefits of the platform and build usage just as soon as we can.

Hugh Miller - *Macquarie Research - Analyst*

Great, that is helpful. Thank you. And then just shifting a little bit towards the other category, fee capture in the quarter. You mentioned kind of within the high-yield product a shift toward the high-yield spread protocol. Can you just remind us what the differential is in fee capture within high-yield amongst those categories?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

There were several factors during the quarter driving the other credit fee capture down. I will tell you first off, it was a great quarter and all of the product in that group grew. It wasn't that we changed pricing. It was a pretty spectacular outcome.

On your very specific question, so we have some high-yield bonds that trade on price and some high-yield bonds mainly crossovers that trade on our spread protocol. And just to put it in context, spread protocol means that the fee capture would look like the high-grade fee capture. Then you have high yield that trades on price which may be 3X the high-grade fee capture.

So when we do have a shift which does happen on occasion, you will see more or less coming from price base or from spread base. When you have that sort of shift it does influence fee capture a little bit.

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

A bigger change during the quarter was eurobonds and if you were looking at the fourth-quarter fee capture and your jumping off point for estimating other credit fee capture was the fourth-quarter level, when EM and high-yields only grew 20% and eurobonds grew 70%, we have a mix shift so that was a bigger influence sequentially.

Hugh Miller - *Macquarie Research - Analyst*

Yes, I definitely appreciate the color. In kind of backing into the numbers, the others were kind of self-evident. We have talked about in the past the mix shift with the eurobond growing and then also the EM sovereign, the corporate. I was just asking specifically on the high-yield category because as I was trying to back into the numbers, I was just noticing that you likely saw a little bit of a downtick in the high-yield bucket and just wanted to get some color around kind of the dynamics for that particular product category. So it is definitely helpful. Thank you very much.

Operator

Patrick O'Shaughnessy, Raymond James.

Patrick O'Shaughnessy - *Raymond James & Associates - Analyst*

Good morning, guys. I was hoping you could give an update on your leverage loan initiative in terms of expected rollout of trading there and I guess expectations in terms of customer adoption of leverage loan trading relative to customer adoption of muni trading?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

Yes, the leverage loan product area we said in the past, the average daily volume estimate that we have would suggest somewhere around 2 billion or 2.5 billion a day so it a roughly one-third of the size of the muni market in terms of average daily volume. The release date has moved toward the end of this quarter or early Q3. It will have the normal on-boarding issues to tackle up front. So I would guess that we are looking at quarter three for the leverage loan product in terms of getting the foundation in place and a focus in the second quarter is going to be mostly on the municipal bond launch.

Patrick O'Shaughnessy - *Raymond James & Associates - Analyst*

Got it. Thank you. Quick question on your distribution fees, Tony, I apologize if I missed it but I don't think you gave any guidance for second-quarter distribution fees. So should we broadly expect those to be roughly flat quarter over quarter?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

I think that is a pretty good assumption. Rick?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

I will tell you right now we are tracking anything of substance. But again, I will also remind you that we do provide choices to the dealers and fee plans and they are responding to the economics of the plans and changes in what they are committing to capital and changes in the size of their desk. So there is always a possibility of some fluctuation but right now we aren't tracking anything of substance.

Patrick O'Shaughnessy - *Raymond James & Associates - Analyst*

Great. That is all I have got for you.

Operator

Ashley Serrao, Credit Suisse.

Marcus Carney - *Credit Suisse - Analyst*

Good morning, gentlemen. This is Marcus and for Ashley Serrao. I just had a question, a competitor -- a startup competitor recently announced plans to offer like maker-taker rebates on their electronic bond trading platform. I was wondering if you could just give us thoughts on kind of the competitive landscape in general and whether or not something like that would work well for electronic corporate bonds?

Rick McVey - *MarketAxess Holdings Inc. - CEO*

Well, happy to start with the competitive landscape in general and then your specific question on maker-taker. But when you look at our sequential growth Q4 to Q1, we added roughly $60 billion in trading volume sequentially. So we feel really good about the acceleration of share gains on the MarketAxess platform. We have seen a few volume reports in the media from some of the startups in the credit space and anecdotally we pick up information most weeks as well. And we are highly confident that that volume and market share growth for MarketAxess in Q1 represents a strengthening of our competitive position relative to the others in the space. So we feel very good about that.

The new platform quite honestly we haven't heard a whole lot about it but as I said in the past, the critical piece of reducing transaction costs for credit market participants is in the size of the network and the technology to identify matches. And those cost savings opportunities are so meaningful as we discussed in the prepared comments, that credit unlike commoditized product areas is not really all about just the transaction piece. It is really about the technology and the breadth of the network and the ability to identify matches that can then deliver very significant transaction cost savings over all of the clients.

So I think what you are seeing is the benefit that we have is the enormous investment in trading protocols to suit the credit markets that we have made over the last 16 years and continue to make at a larger level than anybody in the space combined with over 1000 institutional firms that are actively trading on the platform. And that is what ultimately delivers value to our clients.

Marcus Carney - *Credit Suisse - Analyst*

Excellent, thank you. And then just a follow-up on the new initiatives. I believe last quarter you said that you expected business promotion expenses to be about $2 million to $3 million. With the successful launch of munis and slight pushback in the loans, is that kind of still the range you expect?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

I think it is. We did front-end load some f the muni expenses so we are sitting here now with about 10 dedicated personnel most of those in sales and technology and a few in the support areas. And there is reference data and some other costs associated with that. But fully loaded, it is probably $3 million plus but over the course of this year because some of it will be staged in, it is still that $2 million to $3 million number.

Marcus Carney - *Credit Suisse - Analyst*

Okay, perfect. Thank you very much.

Operator

(Operator Instructions). Mike Adams, Sandler O'Neill.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

A question on pricing. I know one area where you have utilized some pricing incentives is with Open Trading so I am curious if the success that you have been seeing has had any impact overall in pricing and if you could try to quantify that for us? Just trying to understand what the continued growth could mean to pricing a couple of years from now?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Mike, it is Tony. We just had some banging outside. On the pricing side, we do provide some incentives in Open Trading. It is one of those things that we are continuing to look at the pricing models and different ways of incenting behavior. I can't say that there is anything imminent right now. We will continue to look at it, we will evaluate the fee plans but nothing imminent at this stage right now.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

Okay, but Open Trading to date hasn't really move the revenue per million in any of the various buckets yet?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Mike, on an overall basis, it really it does not influence the US high-grade fee per million nor does it influence the overall fee per million. And I will tell you that on the overall fee per million, Open Trading influenced maybe $1 or $2 per million impact on the overall fee per million so it really is not influencing it right now.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

Got it. Great. And Tony, I will squeeze one last one here. I know you guys have provided some color on April but just given some of the underlying mix shifts in the other credit bucket, could you comment on the mix of other credit in April? Have you seen any changes or should we expect that to be relatively stable?

Tony DeLise - *MarketAxess Holdings Inc. - CFO*

Getting that granular right now would be a little too granular and it is also -- if what you are trying to get at is where do you think fee capture is going, it is a little too early to start talking about that. I will tell you that from a fee capture standpoint what we will be seeing in April is no significant difference from what we saw in the first quarter. I'm talking about total fees per million variable transaction fees per million, not appreciably different.

Some of this, you have market volumes in these products growing at different rates right now and to talk about it right now would just be a little bit premature.

Mike Adams - *Sandler O'Neill & Partners - Analyst*

Got it. That is good color. Thanks, Tony.

Operator

Thank you. I'm showing no further questions at this time. I would like to turn it back to Mr. Rick McVey for any closing remarks.

Rick McVey - *MarketAxess Holdings Inc. - CEO*

Thank you for joining us this morning and we look forward to catching up with you again next quarter.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect, everyone have a great day.