



March 8, 2013

MarketAxess Files Application for SEF Registration Exemption

MarketAxess last week submitted a letter to the CFTC requesting conditional exemption from Swap Execution Facility (SEF) registration.

New York, March 8, 2013 – Under the exemption, MarketAxess requests to operate a regulated electronic trading platform for Index CDS in compliance with most of the key SEF requirements, while deferring the full functionality of a Self Regulatory Organization (SRO) – and the associated costs – until CDS Index trading volumes rise to a specified level.

MarketAxess believes that granting this exemption is line with the overall goal of the Dodd-Frank Act – to bring increased transparency and competition to swaps trading.

If the SEF entry barriers remain unnecessarily high, competition will be stifled, and transparency and efficiency in the CDS markets will be reduced.

In summary:

- | MarketAxess is requesting to defer SEF registration until its exempt SEF exceeds, on average, 20% of the daily notional transaction volume of all Index CDS trades executed in the U.S.
- | MarketAxess is requesting exemption from registration, NOT exemption from regulation
- | The firm's request for exemption is accompanied by a list of 19 regulatory conditions, including:
 - | Being an SEC-registered broker-dealer; FINRA membership; swap data reporting; pre-trade transparency; recordkeeping/audit trail; meeting the CFTC's conflict of interest requirements; and limiting swap trading on the exempt SEF to Index CDS traded among eligible market participants
- | MarketAxess estimates that the current average daily notional volume for the U.S. CDS Index market subject to CFTC jurisdiction is only approx. 3,000 daily transactions
 - | Roughly 50% of these are client-to-dealer trades
 - | This is small compared to other regulated markets that trade well over a million transactions daily
- | On average, over 4,000 corporate bond transactions are already executed daily on MarketAxess with oversight from the SEC and FINRA
- | As a public company, MarketAxess also complies with a range of corporate governance and disclosure requirements
- | MarketAxess' budget for full SEF registration is expected to exceed \$5 million in the first year of operation
 - | The firm expects an annual cost of over \$1 million in subsequent years to operate a SEF as an SRO

If the exemption is granted, CDS Index market participants can immediately enjoy the benefits of MarketAxess' fully implemented electronic trading system that broadly serves the CFTC's regulatory interests. Providing investors an alternative approach to trading in the liquid CDS Index market will help promote liquidity, transparency and competitive markets as the U.S. regulatory process nears finalization

For more information CDS trading on MarketAxess, qualified institutional investors can visit the MarketAxess CDS Toolbox, www.cdstoolbox.com. Industry participants can learn more about CDS reform on the MarketAxess CDS Reform page, www.marketaxess.com/trading/cds-reform.

About MarketAxess

MarketAxess operates a leading electronic trading platform that enables fixed-income market participants to efficiently trade corporate bonds and other types of fixed-income instruments using MarketAxess' patented trading technology. Over 1,000 investor and broker-dealer firms are active users of the MarketAxess trading platform, accessing global liquidity in U.S. high-grade corporate bonds, European bonds, high yield and emerging markets bonds, agency bonds, asset-backed and preferred securities and credit default swaps. MarketAxess also offers a number of trading-related products and services, including: market data to assist clients with trading decisions; connectivity solutions that facilitate straight-through processing; technology services to optimize trading environments; and execution services for exchange-traded fund managers and other clients.

MarketAxess maintains its headquarters in New York and has offices in London, Chicago, Salt Lake City, Hong Kong, Singapore and São Paulo. For more information, please visit www.marketaxess.com.

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