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5. Goodwill and Intangible Assets

Goodwill and intangible assets with indefinite lives was $59.7 million as of both March 31, 2015 and December 31, 2014. Intangible assets that are subject to amortization, including the related accumulated amortization, are comprised of the following:

	March 31, 2015			December 31, 2014		
	Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
	(In thousands)					
Technology	$5,770	$ (4,242)	$ 1,528	$5,770	$ (3,826)	$ 1,944
Customer relationships	5,669	(1,267)	4,402	5,682	(1,183)	4,499
Non-competition agreements	380	(264)	116	380	(232)	148
Tradenames	370	(278)	92	370	(253)	117
Total	$12,189	$ (6,051)	$ 6,138	$12,202	$ (5,494)	$ 6,707

Amortization expense associated with identifiable intangible assets was $0.6 million for both the three months ended March 31, 2015 and 2014. Estimated total amortization expense is $2.3 million for 2015, $0.7 million for 2016 and $0.4 million for each of 2017, 2018 and 2019.

6. Income Taxes

The provision for income taxes consists of the following:

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Current:		
Federal	$7,316	$4,994
State and local	1,478	1,186
Foreign	520	(267)
Total current provision	9,314	5,913
Deferred:		
Federal	3,840	3,331
State and local	624	511
Foreign	131	478
Total deferred provision	4,595	4,320

Provision for income taxes	$13,909	$10,233

The following is a summary of the Company’s net deferred tax assets:

	As of March 31, 2015	December 31, 2014
	(In thousands)	
Deferred tax assets and liabilities	$10,648	$ 12,468
Valuation allowance	(7,371)	(7,428)
Deferred tax assets, net	$3,277	$ 5,040

The Company or one of its subsidiaries files U.S. federal, state and foreign income tax returns. Income tax returns for New York City (through 2003) and state (through 2006) and Connecticut state (through 2003) tax returns have been audited. Examinations of the Company’s federal tax return for 2011 and 2012 and New York state franchise tax returns for 2007 through 2009 are currently underway. The Company cannot estimate when the examinations will conclude or the impact such examinations will have on the Company’s Consolidated Financial Statements, if any.

The Company has determined that unremitted earnings of the Company’s foreign subsidiaries are considered indefinitely reinvested outside of the United States.

7. Stock-Based Compensation Plans

Stock-based compensation expense for the three months ended March 31, 2015 and 2014 was as follows:

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Employees	$2,806	$2,089
Non-employee directors	236	227
Total stock-based compensation	$3,042	$2,316

The Company records stock-based compensation for employees in employee compensation and benefits and for non-employee directors in general and administrative expenses in the Consolidated Statements of Operations.

In January 2015, the Company granted 119,981 stock options and a 116,659 performance stock award to the Company's Chief Executive Officer in consideration for entering into a new employment agreement. The exercise price for the shares of the Company's common stock underlying the option award is $88.25, which is equal to 125% of the fair market value of the common stock on the grant date. Subject to the Chief Executive Officer's continued employment with the Company through the applicable vesting date, one-third of the options under the option award will vest and become exercisable on each of January 15, 2018, 2019 and 2020. The performance stock award provides that the number of performance shares earned by the Chief Executive Officer will be based on the Company's achievement of certain performance levels. Subject to the Chief Executive Officer's continued employment, if only the minimum performance level is achieved, then the stock will vest 100% on January 15, 2020, and if any performance level above the minimum level is achieved then the stock will vest 50% on each of January 15, 2019 and January 15, 2020. The combined value of the awards as of the date of the grant was $8 million as determined based on valuations performed by an independent third party using a Monte Carlo simulation model.

In addition to the grants above, the Company granted to employees restricted stock or restricted stock units of 91,883 shares, performance shares with an expected pay-out at target of 28,520 shares of common stock and 669 options to purchase shares of common stock during the three months ended March 31, 2015. The fair value of the restricted stock and performance share awards was based on a weighted-average grant date fair value per share of $70.54 and $70.60, respectively. Based on the Black-Scholes option pricing model, the weighted-average fair value for each option granted was $36.46 per share. The awards vest over a three year period and had an aggregate grant date fair value of $6.5 million.

As of March 31, 2015, the total unrecognized compensation cost related to all non-vested awards was $25.2 million. That cost is expected to be recognized over a weighted-average period of 2.7 years.

8. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per common share:

	Three Months Ended March 31,	
	2015	2014
	(In thousands, except per share amounts)	
Net income	$24,593	$17,475
Basic weighted average shares outstanding	36,706	37,121
Dilutive effect of stock options and restricted stock	920	975
Diluted weighted average shares outstanding	37,626	38,096
Basic earnings per share	$0.67	$0.47
Diluted earnings per share	$0.65	$0.46

Stock options and restricted stock totaling 249,846 shares and 182,391 shares for the three months ended March 31, 2015 and 2014, respectively, were excluded from the computation of diluted earnings per share because their effect would have been antidilutive. The computation of diluted shares can vary among periods due, in part, to the change in the average price of the Company’s common stock.

9. Credit Facility

In January 2013, the Company entered into a three-year credit agreement ("Credit Agreement") that provides for revolving loans and letters of credit up to an aggregate of $50.0 million ("Credit Facility"). As of March 31, 2015, there was $49.8 million available to borrow under the Credit Facility. Subject to satisfaction of certain specified conditions, the Company is permitted to upsize the Credit Facility by an additional $50.0 million in total.

Borrowings under the Credit Facility will bear interest at a rate per annum equal to either of the following, as designated by the Company for each borrowing: (A) the sum of (i) the greatest of (a) the prime rate, as defined, (b) the federal funds effective rate plus 0.50% and (c) one month adjusted LIBOR plus 1.00% plus (ii) 0.50% or (B) the sum of (i) adjusted LIBOR plus (ii) 1.50%. Default interest is 2.00% per annum in excess of the rate otherwise applicable in the case of any overdue principal or any other overdue amount. The Company is also required to pay a commitment fee to the lenders under the Credit Facility in respect of unutilized revolving loan commitments at a rate of 0.30% per annum.

The Company's existing and future material domestic subsidiaries (other than any broker-dealer subsidiary) have guaranteed the Company's obligations under the Credit Agreement. Subject to customary exceptions and exclusions, the Credit Facility is collateralized by first priority pledges (subject to permitted liens) of substantially all of the Company's personal property assets and the personal property assets of the Company's domestic subsidiaries that have guaranteed the Credit Facility, including the equity interests of the Company's domestic subsidiaries and the equity interests of certain of the Company's foreign subsidiaries (limited, in the case of the voting equity interests of the foreign subsidiaries, to a pledge of 65% of those equity interests).

The Credit Agreement requires that the Company's consolidated total leverage ratio tested on the last day of each fiscal quarter not exceed 2.5 to 1.0. The Credit Agreement also requires that the Company's consolidated interest coverage ratio tested on the last day of each fiscal quarter not fall below 3.5 to 1.0. The Company was in compliance with all applicable covenants at December 31, 2014 and March 31, 2015.

If an event of default occurs, including failure to pay principal or interest due on the loan balance, a voluntary or involuntary proceeding seeking liquidation, change in control of the Company, or one or more judgments against the Company in excess of $10 million, the lenders would be entitled to accelerate the facility and take various other actions, including all actions permitted to be taken by a secured creditor. If certain bankruptcy events of default occur, the facility will automatically accelerate.

10. Commitments and Contingencies

Lease Commitments

The Company leases office space under non-cancelable lease agreements expiring at various dates through 2027. Office space leases are subject to escalation based on certain costs incurred by the landlord. Minimum rental commitments as of March 31, 2015 under such operating leases were as follows (in thousands):

Remainder of 2015	$1,723
2016	3,360
2017	3,284

2018	3,005
2019	2,873
2020 and thereafter	11,590
	$25,835

Rental expense for both the three months ended March 31, 2015 and 2014 was $0.9 million, and is included in occupancy expense in the Consolidated Statements of Operations. Rental expense has been recorded based on the total minimum lease payments after giving effect to rent abatement and concessions, which are being amortized on a straight-line basis over the life of the lease. The Company is contingently obligated for standby letters of credit amounting to $1.4 million that were issued to landlords for office space.

The Company has assigned two lease agreements on leased properties to separate third parties. The Company is contingently liable should the assignees default on future lease obligations through the lease termination dates of November 2015 and November 2020. The aggregate amount of future lease obligations under these arrangements is $1.7 million as of March 31, 2015.

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Legal Matters

In the normal course of business, the Company and its subsidiaries included in the consolidated financial statements may be involved in various lawsuits, proceedings and regulatory examinations. The Company assesses its liabilities and contingencies in connection with outstanding legal proceedings, if any, utilizing the latest information available. For matters where it is probable that the Company will incur a material loss and the amount can be reasonably estimated, the Company would establish an accrual for the loss. Once established, the accrual would be adjusted to reflect any relevant developments. When a loss contingency is not both probable and estimable, the Company does not establish an accrual.

Based on currently available information, the outcome of the Company’s outstanding matters is not expected to have a material adverse impact on the Company’s financial position. It is not presently possible to determine the ultimate exposure to these matters and there is no assurance that the resolution of the outstanding matters will not significantly exceed any reserves accrued by the Company.

Other

The Company, through two regulated subsidiaries, executes certain bond transactions between and among institutional investor and broker-dealer clients on a matched principal basis by serving as counterparty to both the buyer and the seller in trades which settle through third-party clearing brokers. Settlement typically occurs within one to three trading days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. For the three months ended March 31, 2015 and 2014, revenues from matched principal transactions were \$3.5 million and \$1.1 million, respectively. Under securities clearing agreements with the third party clearing brokers, the Company maintains a collateral deposit with each clearing broker in the form of cash. As of March 31, 2015, the amount of the collateral deposits included in prepaid expenses and other assets in the Consolidated Statements of Financial Condition was \$0.9 million. In its role as matched principal counterparty, the Company is exposed to the counterparty credit and settlement risk that arises from the risk that the participants that the Company trades with do not fulfill their obligations to the Company due to bankruptcy, lack of liquidity, operational failure, errors or other reasons. Pursuant to the terms of the securities clearing agreements, the clearing broker has the right to charge the Company for losses resulting from a counterparty’s failure to fulfill its contractual obligations. The losses are not capped at a maximum amount and apply to all trades executed through the clearing broker. At March 31, 2015, the Company had not recorded any liabilities with regard to this right.

In the normal course of business, the Company enters into contracts that contain a variety of representations, warranties and general indemnifications. The Company’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

11. Customer Concentration

During both the three months ended March 31, 2015 and 2014, no single client accounted for more than 10% of total revenue. One institutional investor client accounted for 13.2% and 13.6% of trading volumes during the three months ended March 31, 2015 and 2014, respectively.

12. Share Repurchase Program

In January 2014, the Board of Directors of the Company authorized a share repurchase program for up to $35.0 million of the Company’s common stock. In July 2014, the Board of Directors increased the authorization under the share repurchase program by an additional $65.0 million of the Company’s common stock. The share repurchase program will expire on December 31, 2015. For the three months ended March 31, 2015, the Company repurchased 117,400 shares of common stock at a cost of $8.9 million. As of March 31, 2015, approximately $53.1 million remains authorized for repurchase under the program. Shares repurchased under the program will be held in treasury for future use.

13. Segment and Geographic Information

The Company operates an electronic multi-party platform for the trading of fixed-income securities and provides related data, analytics, compliance tools and post-trade services. The Company considers its operations to constitute a single business segment because of the highly integrated nature of these product and services, of the financial markets in which the Company competes and of the Company’s worldwide business activities. The Company believes that results by geographic region or client sector are not necessarily meaningful in understanding its business.

For the three months ended March 31, 2015 and 2014, the U.K. is the only individual foreign country in which the Company had a subsidiary that accounted for 10% or more of the total revenues or total long-lived assets of the Company. Revenues and long-

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lived assets are attributed to a geographic area based on the location of the particular subsidiary. Long-lived assets are defined as furniture, equipment, leasehold improvements and capitalized software, net of accumulated depreciation and amortization. Information regarding revenue for the three months ended March 31, 2015 and 2014 and long-lived assets as of March 31, 2015 and 2014 follows:

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Revenues		
United States	$66,453	$53,576
United Kingdom	10,065	9,658
Other	253	164
Total	$76,771	$63,398

	As of March 31,	December 31,
	2015	2014
	(In thousands)	
Long-lived assets, as defined		
United States	$22,265	$ 23,099
United Kingdom	8,902	9,057
Other	23	29
Total	$31,190	$ 32,185

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "estimates," "will," or words of similar meaning and include, but are not limited to, statements regarding the outlook for our future business and financial performance. Forward-looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. It is routine for our internal projections and expectations to change as the year or each quarter in the year progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which we base our expectations may change prior to the end of each quarter or the year. Although these expectations may change, we are under no obligation to revise or update any forward-looking statements contained in this report. Our company policy is generally to provide our expectations only once per quarter, and not to update that information until the next quarter. Actual future events or results may differ, perhaps materially from those contained in the projections or forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this report, particularly in the section captioned Part II, Item 1A, "Risk Factors."

Executive Overview

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 our patented trading technology. Our over 1,000 active participant firms include broker-dealer clients, investment advisers, mutual funds, insurance companies, public and private pension funds, bank portfolios and hedge funds. Our approximately 90 broker-dealer market-maker clients provide liquidity on the platform and include most of the leading broker-dealers in global fixed-income trading. We also execute certain bond transactions between and among institutional investor and broker-dealer clients on a matched principal (often called "riskless principal") basis by serving as counterparty to both the buyer and the seller in trades which then settle through a third-party clearing broker. We provide fixed-income market data, analytics and compliance tools that help our clients make trading decisions. We also provide trade matching and regulatory transaction reporting services to the securities markets. In addition, we provide technology solutions and professional consulting services to fixed-income industry participants.

Our multi-dealer trading platform allows our institutional investor clients to simultaneously request competing, executable bids or offers from our broker-dealer clients and execute trades with the broker-dealer of their choice from among those that choose to respond. We offer our broker-dealer clients a solution that enables them to efficiently reach our institutional investor clients for the distribution and trading of bonds. Our trading platform provides access to global liquidity in U.S. high-grade corporate bonds, emerging markets and high-yield bonds, European bonds, U.S. agency bonds, credit derivatives and other fixed-income securities.

Through our Open Trading™ initiative, we have designed a series of protocols to allow our broker-dealers and institutional investor clients to interact in an all-to-all trading environment. These innovative technology solutions are designed to increase the number of potential trading counterparties on our electronic trading platform and create a menu of solutions to address different trade sizes and bond liquidity characteristics.

The majority of our revenues are derived from commissions for trades executed on our platform and distribution fees that are billed to our broker-dealer clients on a monthly basis. We also derive revenues from information and post-trade services, technology products and services, investment income and other income. Our expenses consist of employee compensation and benefits, depreciation and amortization, technology and communication expenses, professional and consulting fees, occupancy, marketing and advertising and other general and administrative expenses.

Our objective is to provide the leading global electronic trading platform for fixed-income securities, connecting broker-dealers and institutional investors more easily and efficiently, while offering a broad array of information, trading and technology services to market participants across the trading cycle. The key elements of our strategy are:

- to innovate and efficiently add new functionality and product offerings to the MarketAxess platform that we believe will help to increase our market share with existing clients, as well as to expand our client base;
- to leverage our existing client network and technology to increase the number of potential counterparties and improve liquidity by developing and deploying a wide range of electronic trading protocols to complement our traditional request-for-quote model and allowing broker-dealers and institutional investors to interact in an all-to-all trading environment;
- to leverage our existing technology and client relationships to deploy our electronic trading platform into additional product segments within the fixed-income securities markets and deliver fixed-income securities-related technical services and products;

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- to continue building our existing service offerings so that our electronic trading platform is more fully integrated into the workflow of our broker-dealer and institutional investor clients and to continue to add functionality to allow our clients to achieve a fully automated end-to-end straight-through processing solution (automation from trade initiation to settlement);
- to add new content and analytical capabilities to Corporate BondTicker™ and expand the data service offering provided by Xtrakter Limited (“Xtrakter”) to improve the value of the information we provide to our clients; and
- to continue to increase and supplement our internal growth by entering into strategic alliances, or acquiring businesses or technologies that will enable us to enter new markets, provide new products or services, or otherwise enhance the value of our platform to our clients. For example, the acquisition of Xtrakter in February 2013 provided us with an expanded set of technology solutions ahead of incoming pre- and post-trade transparency mandates from the Markets in Financial Instruments Directive II (“MIFID II”) in Europe. In April 2013, we entered into a strategic alliance with BlackRock, Inc. (“Blackrock”) to create a unified, open trading solution designed to help reduce liquidity fragmentation and improve pricing across U.S. cash credit markets. In January 2015, we expanded this alliance with BlackRock to include European cash credit markets.

Critical Factors Affecting Our Industry and Our Company

Economic, Political and Market Factors

The global fixed-income securities industry is risky and volatile and is directly affected by a number of economic, political and market factors that may result in declining trading volume. These factors could have a material adverse effect on our business, financial condition and results of operations. These factors include, among others, credit market conditions, the current interest rate environment, including the volatility of interest rates and investors’ forecasts of future interest rates, economic and political conditions in the United States, Europe and elsewhere, and the consolidation or contraction of our broker-dealer clients.

Competitive Landscape

The global fixed-income securities industry generally, and the electronic financial services markets in which we engage in particular, are highly competitive, and we expect competition to intensify in the future. Sources of competition for us will continue to include, among others, bond trading conducted directly between broker-dealers and their institutional investor clients over the telephone or electronically and other multi-dealer trading companies. Competitors, including companies in which some of our broker-dealer clients have invested, have developed or acquired electronic trading platforms or have announced their intention to explore the development of electronic platforms that may compete with us.

In general, we compete on the basis of a number of key factors, including, among others, the liquidity provided on our platform, the magnitude and frequency of price improvement enabled by our platform and the quality and speed of execution. We believe that our ability to grow volumes and revenues will largely depend on our performance with respect to these factors.

Our competitive position is also enhanced by the familiarity and integration of our broker-dealer and institutional investor clients with our electronic trading platform and other systems. We have focused on the unique aspects of the credit markets we serve in the development of our platform, working closely with our clients to provide a system that is suited to their needs.

Regulatory Environment

Our industry has been and is subject to continuous regulatory changes and may become subject to new regulations or changes in the interpretation or enforcement of existing regulations, which could require us to incur significant costs.

Following the global financial crisis and other recent events in the financial industry, governments and regulators in both the United States and Europe have called for increased regulation and transparency in the over-the-counter markets. As a result, the Dodd-Frank Act was signed into law in July 2010. Among the most significant aspects of the derivatives section of the Dodd-Frank Act are mandatory clearing of many credit derivative instruments through regulated central clearing organizations and mandatory trading of those instruments through either regulated exchanges or swap execution facilities ("SEFs"), in each case, subject to certain key exceptions. In September 2013, the U.S. Commodity Futures Trading Commission ("CFTC") granted temporary registration to MarketAxess SEF Corporation, our wholly-owned U.S. subsidiary, to operate a SEF for the trading of swaps subject to the CFTC's jurisdiction. The CFTC's rules relating to the trading of swaps on SEFs were implemented in October 2013 and, in February 2014, certain credit derivative indices became subject to the CFTC's 'made available for trade' determination and were thereafter required to be executed on a SEF or designated contract market. The Securities and Exchange Commission ("SEC") has not yet finalized its rules for security-based SEFs that would govern our execution of single-name credit derivatives, nor has it published a timetable for the finalization and implementation of such rules. No assurance can be given regarding when, whether or in what form the remaining rules regarding the new regulatory regime for the swaps marketplace will be finalized or implemented.

Various rules promulgated since the financial crisis could adversely affect our bank-affiliated broker-dealer clients' ability to make markets in a variety of fixed-income securities, thereby negatively impacting the level of liquidity and pricing available on our trading platform. For example, the Volcker Rule promulgated under the Dodd-Frank Act bans proprietary trading by banks and their affiliates. In addition, enhanced leverage ratios applicable to large banking organizations in the U.S. and Europe require such organizations to strengthen their balance sheets and may limit their ability or willingness to make markets on our trading platform. We cannot predict the extent to which these rules or any future regulatory changes may adversely affect our business and operations.

Similar to the U.S., regulatory bodies in Europe are developing new rules for the fixed-income markets. In June 2014, the final texts of MiFID II and Markets in Financial Instruments Regulation ("MiFIR") were published in the Official Journal of the European Union. A large amount of implementation work is left to be completed and the rules of MiFID II and MiFIR will not take effect for 30 months after publication, or until January 2017. MiFID II introduces changes in market structure designed: (i) to enhance pre- and post-trade transparency for fixed income instruments with the scope of the requirements calibrated for liquidity, (ii) increase and enhance post-trade reporting obligations with a requirement to submit post-trade data to Approved Reporting Mechanisms, (iii) ensure trading of certain derivatives occurs on regulated trading venues and (iv) establish a consolidated tape for trade data. We cannot predict the extent to which any of these new regulations or future regulatory changes will impact our European business and operations.

Rapid Technological Changes

We must continue to enhance and improve our electronic trading platform. The electronic financial services industry is characterized by increasingly complex systems and infrastructures and new business models. Our future success will depend on our ability to enhance our existing products and services, develop and/or license new products and technologies that address the increasingly sophisticated and varied needs of our existing and prospective broker-dealer and institutional investor clients and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. We have been issued 13 patents covering our most significant trading protocols and other aspects of our trading system technology.

Trends in Our Business

The majority of our revenues are derived from commissions for transactions executed on our platform between our institutional investor and broker-dealer clients and monthly distribution fees. We believe that there are five key variables that impact the notional value of such transactions on our platform and the amount of commissions and distribution fees earned by us:

- the number of participants on our platform and their willingness to originate transactions through the platform;
- the number of broker-dealer clients on the platform and the frequency and competitiveness of the price responses they provide on our platform;
- the number of markets for which we make trading available to our clients;
- the overall level of activity in these markets; and
- the level of commissions that we collect for trades executed through the platform.

We believe that overall corporate bond market trading volume is affected by various factors including the absolute levels of interest rates, the direction of interest rate movements, the level of new issues of corporate bonds and the volatility of corporate bond spreads versus U.S. Treasury securities. Because a significant percentage of our revenue is tied directly to the volume of securities traded on our platform, it is likely that a general decline in trading volumes, regardless of the cause of such decline, would reduce our revenues and have a significant negative impact on profitability.

Commission Revenue

Commissions are generally calculated as a percentage of the notional dollar volume of bonds traded on our platform and vary based on the type, size, yield and maturity of the bond traded. Under our transaction fee plans, bonds that are more actively traded or that have shorter maturities are generally charged lower commissions, while bonds that are less actively traded or that have longer maturities generally command higher commissions.

U.S. High-Grade Corporate Bond Commissions. Our U.S. high-grade corporate bond fee plans generally incorporate variable transaction fees and distribution fees billed to our broker-dealer clients on a monthly basis. Certain dealers participate in fee programs that do not contain monthly distribution fees and instead incorporate additional per transaction execution fees and minimum monthly fee commitments. Under the fee plans, we electronically add the transaction fee to the spread quoted by the broker-dealer client. The U.S. high-grade transaction fee is generally designated in basis points in yield and, as a result, is subject to fluctuation depending on the duration of the bond traded. The average U.S. high-grade fees per million may vary in the future due to changes in yield, years-to-maturity and nominal size of bonds traded on our platform.

Other Credit Commissions. Other credit includes emerging markets bonds, high-yield bonds, Eurobonds and structured products bonds. Commissions for other credit products generally vary based on the type of the instrument traded using standard fee schedules. Similar to the U.S. high-grade plans, our European fee plans generally incorporate monthly distribution fees, as well as variable transaction fees.

Liquid Products Commissions. Liquid products includes U.S. agency, European government bonds and credit derivatives. Commissions for liquid products generally vary based on the type of the instrument traded using standard fee schedules.

For trades that we execute between and among institutional investor and broker-dealer clients on a matched principal basis by serving as counterparty to both the buyer and the seller, we earn our commission through the difference in price between the two trades. Distribution fees include any unused monthly fee commitments under our variable fee plans. We anticipate that average fees per million may change in the future. Consequently, past trends in commissions are not necessarily indicative of future commissions.

Other Revenue

In addition to the commissions discussed above, we earn revenue from information and post-trade services, technology products and services, income on investments and other income.

Information and post-trade services. We generate revenue from information services provided to our broker-dealer clients, institutional investor clients and data-only subscribers. Information services are invoiced monthly, quarterly or annually. When billed in advance, revenues are deferred and recognized monthly on a straight-line basis. We also generate revenue from trade matching and regulatory transaction reporting services. Revenue is recognized in the period the services are provided.

Technology Products and Services. We generate revenue from professional consulting services, technology software licenses and maintenance and support services.

Investment Income. Investment income consists of income earned on our investments.

Other. Other revenues include fees from telecommunications line charges to broker-dealer clients, initial set-up fees and other miscellaneous revenues.

Expenses

In the normal course of business, we incur the following expenses:

Employee Compensation and Benefits. Employee compensation and benefits is our most significant expense and includes employee salaries, stock-based compensation costs, other incentive compensation, employee benefits and payroll taxes.

Depreciation and Amortization. We depreciate our computer hardware and related software, office hardware and furniture and fixtures and amortize our capitalized software development costs on a straight-line basis over three to seven years. We amortize leasehold improvements on a straight-line basis over the lesser of the life of the improvement or the remaining term of the lease. Intangible assets with definite lives, including purchased technologies, customer relationships and other intangible assets, are amortized over their estimated useful lives, ranging from three to 15 years. Intangible assets are assessed for impairment when events or circumstances indicate a possible impairment.

Technology and Communications. Technology and communications expense consists primarily of costs relating to maintenance on software and hardware, our internal network connections, data center hosting costs and data feeds provided by outside vendors or service providers. The majority of our broker-dealer clients have dedicated high-speed communication lines to our network in order to provide fast data transfer. We charge our broker-dealer clients a monthly fee for these connections, which is recovered against the relevant expenses we incur.

Professional and Consulting Fees. Professional and consulting fees consist primarily of accounting fees, legal fees and fees paid to information technology and other consultants for services provided for the maintenance of our trading platform and information and post-trade services products.

Occupancy. Occupancy costs consist primarily of office and equipment rent, utilities and commercial rent tax.

Marketing and Advertising. Marketing and advertising expense consists primarily of print and other advertising expenses we incur to promote our products and services. This expense also includes costs associated with attending or exhibiting at industry-sponsored seminars, conferences and conventions, and travel and entertainment expenses incurred by our sales force to promote our trading platform and information services.

General and Administrative. General and administrative expense consists primarily of general travel and entertainment, clearing costs from matched principal trades, board of directors' expenses, charitable contributions, provision for doubtful accounts, and various state franchise and U.K. value-added taxes.

Expenses may grow in the future, notably in employee compensation and benefits and depreciation and amortization, primarily due to investment in new products and geographic expansion. However, we believe that operating leverage can be achieved by increasing volumes in existing products and adding new products without substantial additions to our infrastructure.

Critical Accounting Policies and Estimates

This Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States, also referred to as U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting periods. We base our estimates and judgments on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates under varying assumptions or conditions. Note 2 of the Notes to our Consolidated Financial Statements includes a summary of the significant accounting policies and methods used in the preparation of our Consolidated Financial Statements. There were no significant changes to our critical accounting policies and estimates during the three months ended March 31, 2015, as compared to those we disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2014.

Recent Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements for a discussion on recent accounting pronouncements.

Segment Results

We operate an electronic multi-party platform for the trading of fixed-income securities and provide related data, analytics, compliance tools and post-trade services. We consider our operations to constitute a single business segment because of the highly integrated nature of these product and services, of the financial markets in which we compete and of our worldwide business activities. We believe that results by geographic region or client sector are not necessarily meaningful in understanding our business. See Note 13 to the Consolidated Financial Statements for certain geographic information about the Company's business required by U.S. GAAP.

Results of Operations

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

Overview

Total revenues increased by $13.4 million or 21.1% to $76.8 million for the three months ended March 31, 2015, from $63.4 million for the three months ended March 31, 2014. This increase in total revenues was primarily due to higher commissions of $15.0 million. An 8.4% change in the foreign currency exchange rates of the Pound Sterling compared to the U.S. dollar from the three months ended March 31, 2014 to the three months ended March 31, 2015 had the effect of decreasing revenues by $0.9 million.

Total expenses increased by $2.6 million or 7.2% to $38.3 million for the three months ended March 31, 2015, from $35.7 million for the three months ended March 31, 2014. This increase was primarily due to higher employee compensation and benefits of $2.6 million. The change in foreign currency exchange rates had the effect of decreasing expenses by $0.9 million in the three months ended March 31, 2015.

Income before taxes increased by $10.8 million or 39.0% to $38.5 million for the three months ended March 31, 2015, from $27.7 million for the three months ended March 31, 2014. Net income increased by $7.1 million or 40.7% to $24.6 million for the three months ended March 31, 2015, from $17.5 million for three months ended March 31, 2014.

Revenues

Our revenues for the three months ended March 31, 2015 and 2014, and the resulting dollar and percentage changes, were as follows:

	Three Months Ended March 31,					
	2015		2014			
	$	% of Revenues	$	% of Revenues	$ Change	% Change
	($ in thousands)					
Commissions	$67,018	87.3 %	$51,989	82.0 %	$15,029	28.9 %
Information and post-trade services	7,679	10.0	8,079	12.7	(400)	(5.0)
Technology products and services	1,420	1.9	2,036	3.2	(616)	(30.3)
Investment income	183	0.2	146	0.3	37	25.3
Other	471	0.6	1,148	1.8	(677)	(59.0)
Total revenues	$76,771	100.0 %	$63,398	100.0 %	$13,373	21.1 %

Commissions. Our commission revenues for the three months ended March 31, 2015 and 2014, and the resulting dollar and percentage changes, were as follows:

	Three Months Ended March 31,			
	2015	2014	$ Change	% Change
	($ in thousands)			
Variable transaction fees				
U.S. high-grade	$26,887	$19,948	$6,939	34.8 %
Other credit	23,753	15,054	8,699	57.8
Liquid products	701	816	(115)	(14.1)
Total variable transaction fees	51,341	35,818	15,523	43.3
Distribution fees				
U.S. high-grade	13,950	13,972	(22)	(0.2)
Other credit	1,446	2,152	(706)	(32.8)
Liquid products	281	47	234	497.9
Total distribution fees	15,677	16,171	(494)	(3.1)
Total commissions	$67,018	$51,989	$15,029	28.9 %

Variable Transaction Fees

The following table shows the extent to which the increase in variable transaction fees for the three months ended March 31, 2015 was attributable to changes in transaction volumes and variable transaction fees per million:

	Change from the Three Months Ended March 31, 2014			
	U.S. High-Grade	Other Credit	Liquid Products	Total

	(In thousands)			
Volume increase (decrease)	$4,389	$9,495	$ (69)	$13,816
Variable transaction fee per million increase (decrease)	2,550	(796)	(46)	1,707
Total commissions increase (decrease)	$6,939	$8,699	$ (115)	$15,523

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Our trading volumes for the three months ended March 31, 2015 and 2014 were as follows:

	Three Months Ended March 31,			
	2015	2014	$ Change	% Change
Trading Volume Data (in millions)				
U.S. high-grade - fixed rate	$137,987	$113,128	$24,859	22.0 %
U.S. high-grade - floating rate	7,395	6,036	1,359	22.5
Total U.S. high-grade	145,382	119,164	26,218	22.0
Other credit	81,619	50,050	31,569	63.1
Liquid products	16,675	18,203	(1,528)	(8.4)
Total	$243,676	$187,417	$56,259	30.0 %
Number of U.S. Trading Days	61	61		
Number of U.K. Trading Days	63	63		

For volume reporting purposes, transactions in foreign currencies are converted to U.S. dollars at average monthly rates. The 22.0% increase in our U.S. high-grade volume was principally due to an increase in our estimated market share of adjusted total U.S. high-grade corporate bond volume as reported by Financial Industry Regulatory Authority ("FINRA") Trade Reporting and Compliance Engine ("TRACE") (as adjusted by us to eliminate the increased reporting of affiliate back-to-back trades to FINRA beginning in April 2014 and the inclusion of 144A securities in reported TRACE volumes on July 1, 2014) from 13.4% for the three months ended March 31, 2014 to 15.6% for the three months ended March 31, 2015. Adjusted FINRA TRACE U.S. high-grade volume increased 4.9% to $934.0 billion for the three months ended March 31, 2015 from $890.0 billion for the three months ended March 31, 2014. Based on information provided by FINRA, we believe that the TRACE volumes, as adjusted by us, provide a more accurate comparison to prior period reporting. We have provided a reconciliation of the reported U.S. high-grade TRACE volumes to the adjusted U.S. high-grade TRACE volumes in the "Investor Relations" section of our website.

Other credit volumes increased by 63.1% for the three months ended March 31, 2015 compared to the three months ended March 31, 2014, primarily due to increases of 128% in Eurobond volume, 79% in high-yield bond volume and 32% in emerging markets bond volume. Liquid products volume decreased by 8.4% for the three months ended March 31, 2015 compared to the three months ended March 31, 2014, due mainly to a decline in our U.S. agency bond volume resulting from lower overall market volume.

Our average variable transaction fee per million for the three months ended March 31, 2015 and 2014 was as follows:

	Three Months Ended March 31,	
	2015	2014
U.S. high-grade - fixed rate	$192	$173
U.S. high-grade - floating rate	46	60
Total U.S. high-grade	185	167
Other credit	291	301
Liquid products	42	45

Total	211	191

The $18 increase in total U.S. high-grade average variable transaction fee per million was primarily due to an increase in the duration of the bonds traded. The $10 decrease in Other credit average variable transaction fee per million was primarily due to a larger percentage of volume in products that carry lower fees per million.

Distribution Fees

The $0.7 million decrease in Other credit distribution fees principally relates to the migration of certain Eurobond dealers to plans that incorporate a higher level of variable fees and lower level of monthly distribution fees. The $0.2 million increase in Liquid products distribution fees was due to the commencement of SEF-related revenues in March 2014.

Information and Post-Trade Services. Information and post-trade services decreased by $0.4 million. The change in foreign currency exchange rates had the effect of decreasing information and post-trade services revenue by $0.5 million. Our transaction reporting business processed approximately 279 million and 303 million transactions for the three months ended March 31, 2015 and 2014, respectively.

Technology Products and Services. Technology products and services revenues decreased by $0.6 million principally due to lower professional consulting services fees.

Investment Income. Investment income was unchanged.

Other. Other income decreased by $0.7 million. During the three months ended March 31, 2014 we recognized income of $0.7 million on the sale of certain MF Global bankruptcy claims.

Expenses

Our expenses for the three months ended March 31, 2015 and 2014, and the resulting dollar and percentage changes were as follows:

	Three Months Ended March 31,					
	2015		2014			
	$	% of Revenues	$	% of Revenues	$ Change	% Change
	($ in thousands)					
Expenses						
Employee compensation and benefits	$21,174	27.6 %	$18,609	29.4 %	$2,565	13.8 %
Depreciation and amortization	4,612	6.0	4,121	6.5	491	11.9
Technology and communications	4,338	5.7	4,492	7.1	(154)	(3.4)
Professional and consulting fees	3,282	4.3	3,972	6.3	(690)	(17.4)
Occupancy	992	1.3	1,089	1.7	(97)	(8.9)
Marketing and advertising	1,192	1.6	1,209	1.9	(17)	(1.4)
General and administrative	2,679	3.5	2,198	3.5	481	21.9
Total expenses	$38,269	49.9 %	$35,690	56.3 %	$2,579	7.2 %

Employee Compensation and Benefits. Employee compensation and benefits increased by $2.6 million primarily due to higher employee incentive compensation of $1.9 million, which is tied to operating performance, and an increase in stock-based compensation resulting from higher employee equity awards in 2015.

Depreciation and Amortization. Depreciation and amortization increased by $0.5 million primarily due to higher amortization of software development costs of $0.5 million. For the three months ended March 31, 2015 and 2014, $0.8 million and $1.6 million, respectively, of equipment purchases and leasehold improvements and $2.7 million and $2.6 million, respectively, of software development costs were capitalized.

Technology and Communications. Technology and communications expenses decreased by $0.2 million mainly due to lower market data costs.

Professional and Consulting Fees. Professional and consulting fees decreased by $0.7 million mainly due to lower recruiting costs of $0.4 million and legal fees of $0.2 million.

Occupancy. Occupancy costs decreased by $0.1 million.

Marketing and Advertising. Marketing and advertising expenses were $1.2 million for both the three months ended March 31, 2015 and 2014.

General and Administrative. General and administrative expenses increased by $0.5 million primarily due to higher clearing costs.

Provision for Income Tax. The $3.7 million increase in the tax provision was primarily attributable to higher pre-tax income offset by a lower effective tax rate. Our consolidated effective tax rate for the three months ended March 31, 2015 was 36.1%, compared to 36.9% for the three months ended March 31, 2014 principally due to lower statutory foreign and state tax rates. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings and changes in tax legislation and tax rates.

Liquidity and Capital Resources

During the past three years, we have met our cash needs through cash on hand and internally generated funds. Cash and cash equivalents and securities available-for-sale totaled $223.2 million at March 31, 2015.

In January 2013, we entered into a three-year credit agreement that provides for revolving loans and letters of credit up to an aggregate of $50.0 million. As of March 31, 2015, there was $49.8 million available to borrow under the credit facility. Subject to satisfaction of certain specified conditions, we are permitted to upsize the credit facility by an additional $50.0 million.

Our cash flows were as follows:

	Three Months Ended March 31,			
	2015	2014	$ Change	% Change
	($ in thousands)			
Net cash provided by operating activities	$10,034	$10,147	$(113)	(1.1)%
Net cash (used in) investing activities	(1,048)	(449)	(599)	133.4
Net cash (used in) financing activities	(17,241)	(11,916)	(5,325)	44.7
Effect of exchange rate changes on cash and cash equivalents	379	(428)	807	(188.6)
Net (decrease) for the period	$(7,876)	$(2,646)	$(5,230)	197.7 %

The $0.1 million decrease in net cash provided by operating activities was primarily due to an increase in working capital of $7.9 million, offset by an increase in net income of $7.1 million.

The $0.6 million increase in net cash used in investing activities was due to an increase in net purchases of securities available-for-sale of $1.3 million, offset by a decrease in capital expenditures of $0.7 million.

The $5.3 million increase in net cash used in financing activities was principally due to increased repurchases of our common stock of $5.6 million and an increase in cash dividends paid on common stock of $1.3 million, offset by lower stock-based withholding tax payments and excess tax benefits totaling $1.2 million.

Free cash flow is defined as cash flow from operating activities less expenditures for furniture, equipment and leasehold improvements and capitalized software development costs. For the 12 months ended March 31, 2015 and 2014, free cash flow was $95.8 million and $65.4 million, respectively. Free cash flow is a non-GAAP financial measure. We believe that this non-GAAP financial measure, when taken into consideration with the corresponding GAAP financial measures, is important in gaining an understanding of our financial strength and cash flow generation.

Past trends of cash flows are not necessarily indicative of future cash flow levels. A decrease in cash flows may have a material adverse effect on our liquidity, business and financial condition.

Other Factors Influencing Liquidity and Capital Resources

We believe that our current resources are adequate to meet our liquidity needs and capital expenditure requirements for at least the next 12 months. However, our future liquidity and capital requirements will depend on a number of factors, including expenses associated with product development and expansion and new business opportunities that are intended to further diversify our revenue stream. We may also acquire or invest in technologies, business ventures or products that are complementary to our business. In the event we require any additional financing, it will take the form of equity or debt financing. Any additional equity offerings may result in dilution to our stockholders. Any debt financings, if available at all, may involve restrictive covenants with respect to dividends, issuances of additional capital and other financial and operational matters related to our business.

Certain of our U.S. subsidiaries are registered as a broker-dealer or a SEF and therefore are subject to the applicable rules and regulations of the SEC and the CFTC. These rules contain minimum net capital requirements, as defined in the applicable regulations, and also may require a significant part of the registrants' assets be kept in relatively liquid form. Certain of our foreign subsidiaries are regulated by the Financial Conduct Authority in the U.K. or Ontario Securities Commission in Canada and must maintain financial resources, as defined in the applicable regulations, in excess of the applicable financial resources requirement. As of March 31, 2015, each of our subsidiaries that are subject to these regulations had net capital or financial resources in excess of their minimum requirements. As of March 31, 2015, our subsidiaries maintained aggregate net capital and financial resources that were $84.8 million in excess of the required levels of $8.9 million.

Each of our U.S. and foreign regulated subsidiaries are subject to local regulations which generally prohibit repayment of borrowings from our affiliates, paying cash dividends, making loans to our affiliates or otherwise entering into transactions that result in a significant reduction in regulatory net capital or financial resources without prior notification to or approval from such regulated entity’s principal regulator.

As of March 31, 2015, the amount of unrestricted cash held by our non-U.S. subsidiaries was $28.1 million. We have determined that unremitted earnings of our foreign subsidiaries are considered indefinitely reinvested outside of the U.S. Any repatriation of such foreign earnings by way of dividend may be subject to both U.S. federal and state income taxes, reduced by applicable foreign tax credits. However, we do not have any current needs or foreseeable plans to repatriate cash by way of dividends from our non-U.S. subsidiaries.

We execute certain bond transactions between and among institutional investor and broker-dealer clients on a matched principal basis by serving as counterparty to both the buyer and the seller in trades which settle through third-party clearing brokers. Settlement typically occurs within one to three trading days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. For the three months ended March 31, 2015 and 2014, revenues from matched principal trading were approximately $3.5 million and $1.1 million, respectively. Under securities clearing agreements with third party clearing brokers, we maintain a collateral deposit with the clearing broker in the form of cash. As of March 31, 2015, the amount of the collateral deposits included in prepaid expenses and other assets in the Consolidated Statements of Financial Condition was $0.9 million. In our role as matched principal counterparty, we are exposed to the counterparty credit and settlement risk that arises from the risk that the participants that we trade with do not fulfill their obligations to us due to bankruptcy, lack of liquidity, operational failure, errors or other reasons. Pursuant to the terms of the securities clearing agreements between us and the clearing brokers, the clearing brokers have the right to charge us for losses resulting from a counterparty’s failure to fulfill its contractual obligations. The losses are not capped at a maximum amount and apply to all trades executed through the clearing broker. As of March 31, 2015, we had not recorded any liabilities with regard to this right.

In the ordinary course of business, we enter into contracts that contain a variety of representations, warranties and general indemnifications. Our maximum exposure from any claims under these arrangements is unknown, as this would involve claims that have not yet occurred. However, based on past experience, we expect the risk of material loss to be remote.

In January 2014, our Board of Directors authorized a share repurchase program for up to $35.0 million of our common stock. In July 2014, our Board of Directors increased the authorization under the share repurchase program by an additional $65.0 million of our common stock. For the three months ended March 31, 2015, we repurchased 117,400 shares of common stock at a cost of $8.9 million. As of March 31, 2015, approximately $53.1 million remains authorized for repurchase under the program. Shares repurchased under the program will be held in treasury for future use. The share repurchase program will expire on December 31, 2015.

In April 2015, our Board of Directors approved a quarterly cash dividend of $0.20 per share payable on May 21, 2015 to stockholders of record as of the close of business on May 7, 2015. We expect the total amount payable to be approximately $7.4 million. Any future declaration and payment of dividends will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account such matters as general business conditions, our financial results, capital requirements, contractual obligations, legal, and regulatory restrictions on the payment of dividends to our stockholders or by our subsidiaries to their respective parent entities, and such other factors as the Board of Directors may deem relevant.

Effects of Inflation

Because the majority of our assets are short-term in nature, they are not significantly affected by inflation. However, the rate of inflation may affect our expenses, such as employee compensation, office leasing costs and communications expenses, which may not be readily recoverable in the prices of our services. To the extent inflation results in rising interest rates and has other adverse effects on the securities markets, it may adversely affect our financial condition and results of operations.

Contractual Obligations and Commitments

In March 2015, we entered a lease for additional office space in New York City. The lease expires in April 2018. The total rental commitment over the lease term is approximately $1.6 million.

Other than as discussed above, our contractual obligations and commitments did not change significantly since December 31, 2014.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Market Risk

The global financial services business is, by its nature, risky and volatile and is directly affected by many national and international factors that are beyond our control. Any one of these factors may cause a substantial decline in the U.S. and global financial services markets, resulting in reduced trading volume and revenues. These events could have a material adverse effect on our business, financial condition and results of operations.

As of March 31, 2015, we had a $62.2 million investment in securities available-for-sale. Adverse movements, such as a 10% decrease in the value of these securities or a downturn or disruption in the markets for these securities, could result in a substantial loss. In addition, principal gains and losses resulting from these securities could on occasion have a disproportionate effect, positive or negative, on our financial condition and results of operations for any particular reporting period.

Interest Rate Risk

Interest rate risk represents our exposure to interest rate changes with respect to the money market instruments and fixed-income securities in which we invest. As of March 31, 2015, our cash and cash equivalents and securities available-for-sale amounted to $223.2 million and were primarily in money market instruments, corporate bonds and municipal securities. We do not maintain an inventory of bonds that are traded on our platform.

Derivative Risk

Our limited derivative risk stems from our activities in the foreign currency forward contract market. We use this market to mitigate our U.S. dollar versus Pound Sterling exposure that arises from the activities of our U.K. subsidiaries. As of March 31, 2015, the notional fair value of our foreign currency forward contract was $33.9 million. We do not speculate in any derivative instruments.

Credit Risk

Two of our subsidiaries, MarketAxess Corporation and MarketAxess Europe Limited, act as a matched principal counterparty in certain transactions that we execute between participants on our platform in connection with our Open Trading™ or other anonymous protocols. We act as an intermediary in these transactions by serving as counterparty to both the buyer and the seller in trades which then settle through a third-party clearing broker. Settlement typically occurs within one to three trading days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded.

In our role as matched principal counterparty, we are exposed to the counterparty credit and settlement risk that arises from the risk that the participants that we trade with will not perform their obligations to us. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, errors or other reasons. Adverse movements in the prices of securities that are the subject of these transactions can increase our risk. If a party fails to perform their settlement obligations to us for a prolonged period, there may also be financing costs or regulatory capital charges required to be taken by us. In connection with Open Trading™ or other anonymous protocols, we expect that the number of transactions in which we act as a matched principal will increase.

We have policies and procedures in place to identify and manage our credit risk. In connection with the recent growth of our Open Trading™ protocols, we are also developing additional automated controls to help us manage our credit risk exposure. There can be no assurance that the policies, procedures and automated controls we use to manage this credit risk will effectively mitigate our credit risk exposure. Some of our risk management procedures are reliant upon the evaluation of information regarding the fixed- income markets, our clients or other relevant matters that are publicly available or otherwise acquired from third party sources. Such information may not be accurate, complete, up-to-date or properly assessed and interpreted by us. If our risk management procedures fail, our business, financial condition and results of operations may be adversely affected. Furthermore, our insurance policies are unlikely to provide coverage for such risks.

Cash and cash equivalents includes cash and money market instruments that are primarily maintained at one major global bank. Given this concentration, we are exposed to certain credit risk in relation to our deposits at this bank.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. Our management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our “disclosure controls and procedures, ” as that term is defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of March 31, 2015. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed by MarketAxess in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and to ensure that information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2015 identified in connection with the evaluation thereof by our management, including the Chief Executive Officer and Chief Financial Officer, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — Other Information

Item 1. Legal Proceedings

In the normal course of business, we and our subsidiaries included in the consolidated financial statements may be involved in various lawsuits, proceedings and regulatory examinations. We assess liabilities and contingencies in connection with outstanding legal proceedings, if any, utilizing the latest information available. For matters where it is probable that we will incur a material loss and the amount can be reasonably estimated, we would establish an accrual for the loss. Once established, the accrual would be adjusted to reflect any relevant developments. When a loss contingency is not both probable and estimable, we would not establish an accrual.

Based on currently available information, the outcome of our outstanding matters is not expected to have a material adverse impact on our financial position. It is not presently possible to determine our ultimate exposure to these matters and there is no assurance that the resolution of the outstanding matters will not significantly exceed any reserves accrued by us.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in our most recent Form 10-K for the year ended December 31, 2014. For a discussion of the risk factors affecting the Company, see “Risk Factors” in Part I, Item 1A of our 2014 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

During the quarter ended March 31, 2015, we repurchased the following shares of common stock:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly	Dollar Value of Shares That May Yet Be Purchased

			Announced Plans and Programs	Under the Plans and Programs (In thousands)
January 1, 2015-- January 31, 2015	60,000	$ 71.73	60,000	$ 57,722
February 1, 2015 -- February 28, 2015	35,400	78.48	35,400	54,944
March 1, 2015 -- March 31, 2015	22,000	84.41	22,000	53,087
	117,400	$ 76.14	117,400	

In January 2014, our Board of Directors authorized a share repurchase program for up to $35.0 million of our common stock. In July 2014, our Board of Directors increased the authorization under the share repurchase program by an additional $65.0 million of our common stock. The share repurchase program will expire on December 31, 2015. For the three months ended March 31, 2015, we repurchased 117,400 shares of common stock at a cost of $8.9 million. Shares repurchased under the program will be held in treasury for future use.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Listing:

Number	Description
31.1	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**

** Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Financial Condition as of March 31, 2015 and December 31, 2014; (ii) Consolidated Statements of Operations for the Three Months Ended March 31, 2015 and 2014; (iii) Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014; (iv) Consolidated Statement of Stockholders' Equity for the Three Months Ended March 31, 2015; (v) Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014; and (vi) Notes to the Consolidated Financial Statements.

Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		MARKETAXESS HOLDINGS INC.
Date: April 24, 2015	By:	/s/ RICHARD M. MCVEY Richard M. McVey Chief Executive Officer (principal executive officer)
Date: April 24, 2015	By:	/s/ ANTONIO L. DELISE Antonio L. DeLise Chief Financial Officer (principal financial and accounting officer)