

MARKETAXESS HOLDINGS INC

Form DEF 14A

April 30, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

MarketAcess Holdings Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- (1) Amount Previously Paid:
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 - (3) Filing Party:
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**MarketAxess Holdings Inc.
140 Broadway, 42nd Floor
New York, New York 10005**

April 30, 2007

To the Stockholders of MarketAxess Holdings Inc.:

You are invited to attend the 2007 Annual Meeting of Stockholders (the Annual Meeting) of MarketAxess Holdings Inc. (the Company) scheduled for Thursday, June 7, 2007, at 10:00 a.m., Eastern Daylight Time, at The New York Marriott Financial Center Hotel, 85 West Street, New York, New York 10006. The Company s Board of Directors and management look forward to meeting you.

Enclosed you will find a Notice of Annual Meeting of Stockholders containing a description of the items of business expected to be covered at the Annual Meeting, our proxy statement, a proxy card and our Annual Report on Form 10-K for the year ended December 31, 2006. The agenda for the Annual Meeting includes the election of directors and ratification of the appointment of our independent registered public accounting firm. Our Board of Directors recommends that you vote FOR the election of directors and FOR ratification of the appointment of our independent registered public accounting firm. Please carefully review the enclosed documents for detailed information regarding these proposals.

Your vote is important to us. Whether or not you plan to attend the Annual Meeting in person, your shares should be represented and voted. After reading the enclosed proxy statement, please complete, sign, date and promptly return the proxy in the pre-addressed envelope that we have included for your convenience. No postage is required if it is mailed in the United States. If you hold your shares in a stock brokerage account, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically. Submitting the proxy before the Annual Meeting will not preclude you from voting in person at the Annual Meeting should you decide to attend in person.

On behalf of the Board of Directors, thank you for your continued support.

Richard M. McVey
Chairman and Chief Executive Officer

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**MarketAcess Holdings Inc.
140 Broadway, 42nd Floor
New York, New York 10005**

**NOTICE OF
2007 ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders of MarketAcess Holdings Inc.:

NOTICE IS HEREBY GIVEN that the 2007 Annual Meeting of Stockholders (the Annual Meeting) of MarketAcess Holdings Inc., a Delaware corporation (the Company), will be held on Thursday, June 7, 2007, at 10:00 a.m., Eastern Daylight Time, at The New York Marriott Financial Center Hotel, 85 West Street, New York, New York 10006.

At the Annual Meeting we will:

1. vote to elect ten members of the Company s Board of Directors for terms expiring at the 2008 Annual Meeting of Stockholders;
2. vote to ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the year ending December 31, 2007; and
3. transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

These items are more fully described in the Company s Proxy Statement accompanying this Notice.

The record date for the determination of the stockholders entitled to notice of, and to vote at, the Annual Meeting, or any adjournment or postponement thereof, was the close of business on April 20, 2007. A list of the stockholders of record as of that date will be available for inspection at the Annual Meeting, and at any adjournments or postponements thereof, and for a period of ten days prior to the meeting during regular business hours at the offices of the Company listed above.

You have the right to receive this Notice and vote at the Annual Meeting if you were a stockholder of record at the close of business on April 20, 2007. Please remember that your shares cannot be voted unless you cast your vote by one of the following methods: (1) sign and return a proxy card; (2) if you hold your shares in a stock brokerage account, call the toll-free number listed on the proxy card, if any; (3) if you hold your shares in a stock brokerage account, vote via the Internet as indicated on the proxy card; or (4) vote in person at the Annual Meeting.

By Order of the Board of Directors,

Charles Hood
General Counsel and Corporate Secretary

New York, New York
April 30, 2007

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY AND COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE. ALTERNATIVELY, YOU MAY BE ABLE TO SUBMIT YOUR PROXY THROUGH THE INTERNET OR BY TOUCH-TONE PHONE AS INDICATED ON THE PROXY CARD.

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**MarketAcess Holdings Inc.
140 Broadway, 42nd Floor
New York, New York 10005**

**PROXY STATEMENT for the
2007 ANNUAL MEETING OF STOCKHOLDERS
To Be Held On June 7, 2007**

GENERAL INFORMATION

This Proxy Statement is furnished in connection with a solicitation of proxies by the Board of Directors (Board or Board of Directors) of MarketAcess Holdings Inc., a Delaware corporation (MarketAcess, the Company, we or our) to be used at our 2007 Annual Meeting of Stockholders scheduled for Thursday, June 7, 2007, at 10:00 a.m., Eastern Daylight Time (EDT), at The New York Marriott Financial Center Hotel, 85 West Street, New York, New York 10006.

This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders and proxy card are first being mailed to stockholders on or about May 2, 2007. Whenever we refer in this Proxy Statement to the Annual Meeting, we are also referring to any meeting that results from any postponement or adjournment of the June 7, 2007 meeting.

Holders of our Common Stock, par value \$0.003 per share (the Common Stock), as of the close of business on April 20, 2007, are entitled to notice of, and to vote at the Annual Meeting. On that date, there were 31,074,880 shares of our Common Stock issued and outstanding.

We encourage you to vote your shares, either by voting in person at the Annual Meeting or by granting a proxy (i.e., authorizing someone to vote your shares). If you execute the attached proxy card, the individuals designated on that card will vote your shares according to your instructions. If any matter other than Proposals 1 or 2 listed in the Notice of Annual Meeting of Stockholders is presented at the Annual Meeting, the designated individuals will, to the extent permissible, vote all proxies in the manner that the Board may recommend or, in the absence of such recommendation, in the manner they perceive to be in the best interests of the Company.

If you execute the enclosed proxy card but do not give instructions, your proxy will be voted as follows: FOR the election of the nominees for director named herein, FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2007, and in accordance with the best judgment of the persons appointed as proxies with respect to any other matters which properly come before the Annual Meeting.

Information on how you may vote at the Annual Meeting (such as granting a proxy that directs how your shares should be voted, or attending the Annual Meeting in person), as well as how you can revoke a proxy, is contained in this Proxy Statement below under the headings *Solicitation of Proxies* and *Voting*.

SOLICITATION OF PROXIES

General

The attached proxy card allows you to instruct the designated individuals how to vote your shares. You may vote in favor of, against, or abstain from voting on any proposal. In addition, with respect to Proposal 1 (the election of directors), you may, if you desire, indicate on the proxy card that you are not authorizing the designated individuals to

vote your shares for one or more of the nominees.

Solicitation

We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement, the proxy card and any additional soliciting materials furnished to stockholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names

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that are beneficially owned by others so that they may forward the solicitation materials to such beneficial owners. In addition, we may reimburse such persons for their costs of forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by solicitation by telephone or other means by our directors, officers, employees or agents. No additional compensation will be paid to these individuals for any such services. Except as described above, we do not presently intend to solicit proxies other than by mail.

VOTING

Stockholders entitled to vote and shares outstanding

You may vote your shares at the Annual Meeting only if you were a stockholder of record at the close of business on April 20, 2007 (the Record Date). As of the Record Date, 31,074,880 shares of our Common Stock were issued and outstanding.

How to vote

Submitting a proxy via mail, the Internet or telephone

You may submit your proxy with voting instructions by mail by following the instructions set forth on the enclosed proxy card. Specifically, if you are a stockholder of record on the Record Date you may vote by mailing your proxy card, with voting instructions, to the address listed on your proxy card.

If you hold your shares through a stock broker, nominee, fiduciary or other custodian, you may also be able to vote by calling the toll-free telephone number listed on your proxy card or visiting the website address listed on your proxy card. If you choose to submit your proxy with voting instructions by telephone or through the Internet, you will be required to provide your assigned control number noted on the enclosed proxy card before your proxy will be accepted. In addition to the instructions that appear on the enclosed proxy card, step-by-step instructions will be provided by recorded telephone message or at the designated website on the Internet. Votes submitted via the Internet or by telephone must be received by 11:59 p.m., EDT, on June 6, 2007 in order for them to be counted at the Annual Meeting.

Voting your shares in person at the Annual Meeting

You may also attend the Annual Meeting and vote your shares in person by ballot. If you plan to attend the Annual Meeting, you will need to bring proof of your ownership of our Common Stock as of the close of business on April 20, 2007, the Record Date. If you hold shares in street name (that is, through a bank, broker or other nominee) and would like to attend the Annual Meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of Common Stock as of the close of business on April 20, 2007. Alternatively, in order to vote, you may contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the Annual Meeting.

Revoking a proxy

A proxy that was submitted by mail may be revoked at any time before it is exercised by (1) giving written notice revoking the proxy to our General Counsel and Corporate Secretary at MarketAxess Holdings Inc., 140 Broadway, 42nd Floor, New York, NY 10005, (2) subsequently filing another proxy bearing a later date or (3) attending the Annual Meeting and voting in person by ballot.

A proxy that was submitted via the Internet or by telephone may be revoked at any time before it is exercised by (1) executing a later-dated proxy card via the Internet or by telephone or (2) attending the Annual Meeting and voting in person by ballot.

Your attendance at the Annual Meeting in and of itself will not automatically revoke a proxy that was submitted via the Internet, by telephone or by mail.

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Broker authority to vote

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered to be the beneficial owner of shares held in street name. These proxy materials are being forwarded to you by your broker or nominee, who is considered to be the holder of record with respect to your shares. As the beneficial owner, you have the right to direct your broker or nominee how to vote by filling out the voting instruction form provided by your broker or nominee. Telephone and Internet voting options may also be available to beneficial owners. As a beneficial owner, you are also invited to attend the Annual Meeting, but you must obtain a proxy from the holder of record of your shares in order to vote in person at the Annual Meeting.

If your shares are held in street name, your broker or nominee will ask you how you want your shares to be voted. If you provide voting instructions, your shares must be voted as you direct. If you do not furnish voting instructions, one of two things can happen, depending upon whether a proposal is routine. Under the rules that govern brokers that have record ownership of shares beneficially owned by their clients, brokers have discretion to cast votes on routine matters, such as the election of directors and ratification of the appointment of independent registered public accounting firms, without voting instructions from their clients. Brokers are not permitted, however, to cast votes on non-routine matters without such voting instructions. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that proposal and has not received voting instructions from the beneficial owner.

Quorum

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the Record Date will constitute a quorum, permitting the Annual Meeting to conduct its business. Subject to the rules regarding the votes necessary to adopt the proposals discussed below, abstentions and broker non-votes (as described above) will be counted for purposes of determining whether a quorum is present. Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the Annual Meeting (including any meeting resulting from an adjournment or postponement of the Annual Meeting, unless a new record date is set).

Votes necessary to approve each proposal

Election of Directors. The affirmative vote of a plurality of the votes cast at the Annual Meeting, either in person or by proxy, is required for the election of directors. This means that the individuals who receive the highest number of votes will be elected as directors, up to the maximum number of directors to be chosen at the Annual Meeting.

Other Items. For each other item, the affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the item will be required for approval.

Abstentions and broker non-votes will not be voted either in favor of or against any of the proposals. For the election of directors, which requires a plurality of the votes cast, votes withheld from one or more nominees will be excluded entirely from the vote and will have no effect on the outcome. For the ratification of our independent registered public accounting firm, which proposal will be decided by the affirmative vote of a majority of the votes cast, abstentions will be counted for purposes of determining the number of votes cast on the proposal and will have the same effect as negative votes, but broker non-votes will not be counted as shares present and entitled to vote.

Certain stockholder-related matters

We have not received notice of any stockholder proposals that may be properly presented at the Annual Meeting. For information regarding inclusion of stockholder proposals in our 2008 Annual Meeting, see the information in this Proxy Statement under the section heading *Other Matters - Stockholder Proposals for 2008 Annual Meeting*.

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AVAILABILITY OF CERTAIN DOCUMENTS

Householding of Annual Meeting materials

Some banks, brokers and other nominee record holders may participate in the practice of householding proxy statements and their accompanying documents. This means that only one copy of our Proxy Statement is sent to multiple stockholders in your household. We will promptly deliver a separate copy of these documents to you upon written or oral request to our Investor Relations Department at MarketAxess Holdings Inc., 140 Broadway, 42nd Floor, New York, NY 10005 or 212-813-6000. If you want to receive separate copies of our proxy statements in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

Additional information

We are required to file annual, quarterly and current reports, proxy statements and other reports with the Securities and Exchange Commission (SEC). Copies of these filings are available through our Internet website at www.marketaxess.com or the SEC's website at www.sec.gov. We will furnish copies of our SEC filings (without exhibits), including our Annual Report on Form 10-K for the year ended December 31, 2006, without charge to any stockholder upon written or oral request to our Investor Relations Department at MarketAxess Holdings Inc., 140 Broadway, 42nd Floor, New York, NY 10005 or 212-813-6000.

PROPOSAL 1 ELECTION OF DIRECTORS

The first proposal to be voted on at the Annual Meeting is the election of directors. Except for Mr. Millet, each of the nominees for director was elected by the Company's stockholders on June 7, 2006. Mr. Millet is standing for election for the first time. The directors will be elected for a term which begins at the 2007 Annual Meeting of Stockholders and ends at the 2008 Annual Meeting of Stockholders. Each director will hold office until such director's successor has been elected and qualified, or until such director's earlier resignation or removal.

Your vote

If you sign the enclosed proxy card and return it to the Company, your proxy will be voted **FOR** all directors, for terms expiring in 2008, unless you specifically indicate on the proxy card that you are withholding authority to vote for one or more of the nominees.

A plurality of the votes cast by stockholders entitled to vote at the Annual Meeting is required for the election of directors. Accordingly, the directorships to be filled at the Annual Meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor of or withheld with respect to any or all nominees. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the vote.

Board recommendation

The Board recommends that you vote FOR the election of each of the following nominees:

Richard M. McVey
Stephen P. Casper
David G. Gomach
Carlos M. Hernandez
Ronald M. Hersch
Wayne D. Lyski
Jerome S. Markowitz
T. Kelley Millet
Nicolas S. Rohatyn
John Steinhardt

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Each of these nominees is currently serving as a director on our Board, and each nominee has agreed to serve on the Board if he is elected. If any nominee is unable (or for whatever reason declines) to serve as a director at any time before the Annual Meeting, proxies may be voted for the election of a qualified substitute designated by the current Board, or else the size of the Board will be reduced accordingly.

Biographical information about each of the nominees is included under *Director information* below.

Director information

Our Board currently consists of ten directors, eight of whom are not our employees.

At the recommendation of the Nominating Committee, the Board has nominated the persons named below to serve as directors of the Company for a term beginning at the 2007 Annual Meeting of Stockholders and ending at the 2008 Annual Meeting of Stockholders.

Richard M. McVey
Director since April 2000

Richard M. McVey (47) has been Chief Executive Officer and Chairman of our Board of Directors since our inception. As an employee of J.P. Morgan & Co., one of our founding broker-dealers, Mr. McVey was instrumental in the founding of MarketAxess in April 2000. Prior to founding MarketAxess, Mr. McVey was Managing Director and Head of North America Fixed Income Sales at JPMorgan, where he managed the institutional distribution of fixed-income securities to investors, from 1996 until April 2000. In that capacity, he was responsible for developing and maintaining senior client relationships across all market areas, including fixed-income, equities, emerging markets, foreign exchange and derivatives. From 1992 to 1996, Mr. McVey led JPMorgan's North America Futures and Options Business, including institutional brokerage, research, operations, finance and compliance. Mr. McVey received a B.A. in Finance from Miami (Ohio) University and an M.B.A. from Indiana University.

Stephen P. Casper
Director since April 2004

Stephen P. Casper (57) is the Chairman and Chief Executive Officer of Fischer Francis Trees & Watts, Inc., a specialist manager of U.S., global and international fixed income portfolios for institutional clients, a position he has held since April 2004. Mr. Casper joined Fischer Francis Trees & Watts as Chief Financial Officer in 1990 and was appointed Chief Operating Officer in May 2001. From 1984 until 1990, Mr. Casper was Treasurer of the Rockefeller Family Office. Mr. Casper is President and a director of FFTW Funds, Inc., a publicly traded mutual fund. Mr. Casper is a presiding director of the board of The Depository Trust & Clearing Corporation and its subsidiaries, the Depository Trust Company, the National Securities Clearing Corporation, the Emerging Markets Clearing Corporation and the Fixed Income Clearing Corporation. Mr. Casper is a Certified Public Accountant and received a B.B.A. in accounting from Baruch College, where he graduated *magna cum laude*, *Beta Gamma Sigma*, and an M.S. in finance and accounting from The Wharton School at the University of Pennsylvania.

David G. Gomach
Director since February 2005

David G. Gomach (48) has been the Chief Financial Officer and Treasurer of School Specialty, Inc. since September 2006. Mr. Gomach joined School

Specialty, Inc. as Executive Vice President Finance in August 2006. Prior to joining School Specialty, Mr. Gomach held various positions at the Chicago Mercantile Exchange (CME) from 1987 to 2004. From June 1997 until his retirement from the CME in November 2004, he served as Chief Financial Officer. From 1996 until 1997, Mr. Gomach served as Vice President, Internal Audit and Administration. Also, during his tenure at the CME, he was a Senior Director and Assistant Controller. Prior to joining the CME, Mr. Gomach held positions at Perkin-Elmer, Singer Corporation and

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Mercury Marine, a subsidiary of Brunswick Corporation. Mr. Gomach is a Certified Public Accountant and received a B.S. from the University of Wisconsin-LaCrosse and an M.B.A. from Roosevelt University.

Carlos M. Hernandez
Director Since February 2006

Carlos M. Hernandez (45) is the Head of Global Equities for JPMorgan. Mr. Hernandez has been with JPMorgan since 1986, working on a wide array of advisory and financing transactions for both corporations and governments, across various product groups and geographic regions. Prior to his current position, Mr. Hernandez spearheaded all forms of capital raising and distribution in the fixed income, syndicated loans and equity markets. Previously, Mr. Hernandez managed the Institutional Equities business for the Americas. Before joining the Equities Division, Mr. Hernandez served as JPMorgan's regional executive for Latin America. Mr. Hernandez is a member of JPMorgan's Global Investment Banking Management Committee.

Ronald M. Hersch
Director since July 2000

Ronald M. Hersch (59) is Managing Director Emeritus of Bear, Stearns & Co. Inc., where he has been employed since 1992. Until April 1, 2007, Mr. Hersch was a Senior Managing Director responsible for directing the firm's futures business as well as coordinating eCommerce activities and initiatives within the Fixed Income Division. Mr. Hersch is a former Chairman of the Futures Industry Association, where he now serves on the board of directors and Executive Committee. Mr. Hersch has previously served on the board of directors of Bond Desk Group, LLC, the Chicago Board of Trade, and the National Futures Association, the self-regulatory organization responsible for futures industry oversight. Mr. Hersch received a B.A. from Long Island University.

Wayne D. Lyski
Director since April 2004

Wayne D. Lyski (65) has been a hedge fund manager with Lee Munder Capital Group since April 2004. From 1983 until January 2004, Mr. Lyski held a series of positions at Alliance Capital Management, most recently as Executive Vice President from January 1995 until January 2004. From January 1995 until June 2002, Mr. Lyski was also Chairman and Chief Investment Officer of Alliance Capital Management's fixed income division. Mr. Lyski is a former member of the Treasury Department's Borrowing Advisory Committee and was inducted into the Fixed Income Analysts Society's Hall of Fame in 1998. Mr. Lyski received a B.A. with high honors from Seattle Pacific University and an M.B.A. from The Wharton School at the University of Pennsylvania.

Jerome S. Markowitz
Director since March 2001

Jerome S. Markowitz (67) has been actively involved in managing a private investment portfolio since 1998. Prior to that, Mr. Markowitz was Director of Capital Markets for Montgomery Securities from 1987 to 1998, a Managing Director at Rothchilds Securities Inc. from 1986 to 1987, and a Senior Managing Director at Prudential Bache from 1983 to 1986.

T. Kelley Millet
Director since April 2007

T. Kelley Millet (46) has been President of MarketAxess since September 2006, with primary responsibility for expanding and diversifying the Company's North American business. Prior to joining us, Mr. Millet served as Senior Managing Director, Co-Head of Global Credit Trading at Bear Stearns from 2001 to 2006, where he was responsible for origination, syndication, cash, derivatives and

flow trading for the investment grade and emerging markets businesses, as well as high-yield derivatives. Prior to joining Bear Stearns in 2001, Mr. Millet had a 19-year career with JP

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Morgan, where he held positions of increasing responsibility, culminating in his appointment as Global Head, Capital Markets and Syndicate.

Nicolas S. Rohatyn
Director since April 2000

Nicolas S. Rohatyn (46) has been the Chief Executive Officer and Chief Investment Officer of TRG Management L.P., the investment manager of the TRG Global Opportunity Master Fund, Ltd., since March 2003. From 1982 until 2001, Mr. Rohatyn held a series of positions at JPMorgan, most recently as Executive Director of JPMorgan and Co-Head of LabMorgan from March 2000 until September 2001 and as Managing Director and co-Head of Global Fixed Income from January 1999 until March 2000. Mr. Rohatyn was also a member of the executive management team at JPMorgan from January 1995 until December 2000. Mr. Rohatyn founded the Emerging Markets Traders Association in 1990 and he served as its Chairman from then until 1994. He currently serves on the board of The Alvin Ailey American Dance Theatre. Mr. Rohatyn received a B.A. in Economics from Brown University.

John Steinhardt
Director since April 2000

John Steinhardt (53) was Chief Executive Officer and the Chief Investment Officer of Spectrum Investment Management from April 2005 to December 2005. Until October 2004, Mr. Steinhardt was Head of North American Credit Markets for JP Morgan Chase & Co. and a member of the Management Committee of the Investment Banking Division of JP Morgan Chase & Co. Prior to the merger of J.P. Morgan & Co. and the Chase Manhattan Bank, Mr. Steinhardt was the Head of U.S. Securities at Chase Securities Inc. and a member of the Management Committee from 1996 to 2000. Mr. Steinhardt received a B.S. in Economics from St. Lawrence University and an M.B.A from Columbia University.

CORPORATE GOVERNANCE AND BOARD MATTERS

Directors independence

The Board of Directors has determined that seven of our directors, Messrs. Casper, Gomach, Hersch, Lyski, Markowitz, Rohatyn and Steinhardt, currently meet the independence requirements contained in the NASDAQ listing standards and applicable tax and securities rules and regulations. None of these directors has a relationship with the Company or its subsidiaries which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Each of these directors is independent as defined within the meaning of the NASDAQ listing standards. In compliance with the NASDAQ listing standards, we have a Board of Directors comprised of a majority of independent directors.

The NASDAQ listing standards have both objective tests and a subjective test for determining who is an independent director. The objective tests state, for example, that a director is not considered independent if he is an employee of the Company or is a partner in or executive officer of an entity to which the Company made, or from which the Company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year. The subjective test states that an independent director must be a person who lacks a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

None of the non-employee directors were disqualified from independent status under the objective tests. In assessing independence under the subjective test, the Board took into account the standards in the objective tests, and reviewed

and discussed additional information provided by the directors and the Company with regard to each director's business and personal activities as they may relate to MarketAxess management. Based on all of the foregoing, as required by the NASDAQ listing standards, the Board made a substantive determination as to each of the seven independent directors that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. After reviewing the

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relationship between the Company and Mr. Hernandez's employer, JP Morgan Chase & Co. (JPMorgan), the Company has decided not to treat Mr. Hernandez as an independent director for purposes of the NASDAQ listing standards and applicable SEC rules. In making this determination, the Board considered that JPMorgan represented 7.1%, 7.4% and 8.5% of the Company's annual revenue for 2006, 2005 and 2004, respectively, and has from time to time provided certain investment banking services to the Company, including acting as an underwriter of our initial public offering in 2004.

The Board has not established categorical standards or guidelines to make these subjective determinations, but considers all relevant facts and circumstances.

In addition to Board-level standards for director independence, the directors who serve on the Audit Committee each satisfy standards established by the SEC providing that to qualify as independent for purposes of membership on the Audit Committee, members of audit committees may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company other than their director compensation. Also, each of the directors who serve on the Compensation Committee have been determined to be a non-employee director for purposes of the applicable SEC rules and regulations and an outside director for purposes of the applicable tax rules.

In making its independence determinations, the Board considered transactions occurring since the beginning of 2004 between the Company and entities associated with the independent directors or members of their immediate family. In each case, the Board determined that, because of the nature of director's relationship with the entity and/or the amount involved, the relationship did not impair the director's independence. The Board's independence determinations included reviewing the following relationships:

Mr. Casper is an executive officer of Fischer Francis Trees & Watts, Inc., which represented less than 1% of the Company's annual revenue in each of 2006, 2005 and 2004.

Mr. Hersch is an employee, but not an executive officer, of Bear, Stearns & Co., which represented approximately 4.5%, 4.5% and 4.1% of the Company's annual revenue in 2006, 2005 and 2004, respectively.

Mr. Lyski is an employee of Lee Munder Capital Group, which represented less than 1% of the Company's annual revenue in each of 2006, 2005 and 2004.

Mr. Rohatyn is an executive officer TRG Management L.P., the investment manager of the TRG Global Opportunity Master Fund, Ltd. TRG Global Opportunity Master Fund, Ltd. represented less than 1% of the Company's annual revenue in each of 2006, 2005 and 2004.

Mr. Steinhardt was previously an employee, but not an executive officer, of JPMorgan, which represented approximately 7.1%, 7.4% and 8.5% of the Company's annual revenue in 2006, 2005 and 2004, respectively.

How nominees to our Board are selected

Candidates for election to our Board of Directors are nominated by our Nominating Committee and ratified by our full Board of Directors for nomination to the stockholders. The Nominating Committee operates under a charter, which is available on our corporate website at www.marketaxess.com.

The Nominating Committee will give due consideration to candidates recommended by stockholders. Stockholders may recommend candidates for the Nominating Committee's consideration by submitting such recommendations directly to the Nominating Committee by mail or electronically. In making recommendations, stockholders should be mindful of the discussion of minimum qualifications set forth in the following paragraph. However, just because a

recommended individual meets the minimum qualification standards does not imply that the Nominating Committee will necessarily nominate the person so recommended by a stockholder. The Nominating Committee may engage outside search firms to assist in identifying or evaluating potential nominees. We did not employ outside search firms or pay fees to other third parties in connection with seeking or evaluating any of the Board nominee candidates.

The Nominating Committee believes that the minimum qualifications for serving on our Board are that a nominee have substantial experience working as an executive officer for, or serving on the board of, a public

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company, or that he or she demonstrates by significant accomplishment in another given field of endeavor, an ability to make a meaningful contribution to the oversight and governance of a company having a scope and size similar to our Company. A director must have an exemplary reputation and record for honesty in his or her personal dealings and business or professional activity. All directors should possess a basic understanding of financial matters; have an ability to review and understand the Company's financial and other reports; and be able to discuss such matters intelligently and effectively. He or she also needs to exhibit qualities of independence in thought and action. A candidate should be committed first and foremost to the interests of the stockholders of the Company. Persons who represent a particular special interest, ideology, narrow perspective or point of view would not, therefore, generally be considered good candidates for election to our Board.

Board committees

The Audit Committee of our Board of Directors reviews, acts on and reports to our Board of Directors with respect to various auditing and accounting matters, including the recommendation of our independent registered public accounting firm, the scope of the annual audits, the fees to be paid to the independent registered public accounting firm, the performance of the independent registered public accounting firm and our accounting practices. The Audit Committee currently consists of Messrs. Gomach (Chair), Casper and Markowitz. The Board of Directors has determined that each member of the Audit Committee is an independent director in accordance with NASDAQ listing standards and that Mr. Casper and Mr. Gomach are both Audit Committee financial experts, as defined by SEC guidelines and as required by the applicable NASDAQ listing standards.

The Compensation Committee of the Board of Directors recommends, reviews and oversees the salaries, benefits and stock option plans for our employees, consultants, directors (other than non-employee directors) and other individuals whom we compensate. The Compensation Committee also administers our compensation plans. The Compensation Committee currently consists of Messrs. Steinhardt (Chair), Lyski and Rohatyn. The Board of Directors has determined that each member of the Compensation Committee is an independent director in accordance with NASDAQ listing standards, a non-employee director under the applicable SEC rules and regulations and an outside director under the applicable tax rules.

The Nominating Committee of the Board of Directors will select nominees for director positions to be recommended by our Board of Directors for election as directors and for any vacancies in such positions. The Nominating Committee currently consists of Messrs. Casper and Rohatyn. The Board of Directors has determined that each member of the Nominating Committee is an independent director in accordance with NASDAQ listing standards.

Meetings and attendance

During the year ended December 31, 2006, the full Board held five meetings and acted by unanimous written consent on two other occasions; the Audit Committee held nine meetings and acted by unanimous written consent on one other occasion; the Compensation Committee held eight meetings and acted by unanimous written consent on eight other occasions; and the Nominating Committee acted by unanimous written consent on one occasion. We expect each director to attend each meeting of the full Board and of committees on which he serves and to attend the annual meeting of stockholders. All directors attended at least 75% of the meetings of the full Board and the meetings of the committees on which they served. Messrs. McVey, Lyski, Markowitz, Rohatyn and Steinhardt attended our 2006 annual meeting of stockholders.

Code of Conduct, Code of Ethics and other governance documents

The Board has adopted a Code of Conduct that applies to all officers, directors and employees, and a Code of Ethics for the Chief Executive Officer and Senior Financial Officers. Both the Code of Conduct and the Code of Ethics for

the Chief Executive Officer and Senior Financial Officers, as well as any amendments to, or waivers under, the Code of Ethics for the Chief Executive Officer and Senior Financial Officers, can be accessed in the *Investors Corporate Governance* section of our website at www.marketaxess.com.

You may also obtain a copy of these documents by writing to MarketAxess Holdings Inc., 140 Broadway, 42nd Floor, New York, New York 10005, Attention: Investor Relations.

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Copies of the charters of our Board's Audit Committee, Compensation Committee and Nominating Committee, as well as copies of the Company's certificate of incorporation and bylaws, can be accessed in the *Investors Corporate Governance* section of our website.

Communicating with our Board members

Although our Board of Directors has not adopted a formal process for stockholder communications with the Board, we make every effort to ensure that the views of stockholders are heard by the Board or by individual directors, as applicable, and we believe that this has been an effective process to date. Stockholders may communicate with the Board by sending a letter to the MarketAxess Holdings Inc. Board of Directors, c/o General Counsel, 140 Broadway, 42nd Floor, New York, New York 10005. The General Counsel will receive the correspondence and forward it to the Chairman of the Board or to any individual director or directors to whom the communication is directed, as appropriate. Notwithstanding the above, the General Counsel has the authority to discard or disregard any communication that is unduly hostile, threatening, illegal or otherwise inappropriate or to take any other appropriate actions with respect to such communications.

In addition, any person, whether or not an employee, who has a concern regarding the conduct of the Company or our employees, including with respect to our accounting, internal accounting controls or auditing issues, may, in a confidential or anonymous manner, communicate that concern in writing by addressing a letter to the Chairman of the Audit Committee, c/o Corporate Secretary, at our corporate headquarters address, which is 140 Broadway, 42nd Floor, New York, New York 10005, or electronically, at our corporate website, www.marketaxess.com under the heading *Investors Board of Directors Confidential Ethics Web Form*.

Director compensation

Each non-employee director, other than Mr. Hernandez, receives an annual retainer equal to \$40,000. The chairman of the Audit Committee receives a supplemental annual retainer of \$7,500 and the chairman of the Compensation Committee receives a supplemental annual retainer of \$5,000. In addition, each non-employee director other than Mr. Hernandez receives \$1,000 for each meeting of our Board of Directors, \$2,000 for each meeting of the Audit Committee, and \$1,000 for each meeting of the Compensation Committee and the Nominating Committee which the director attends. In August 2006, we granted 5,000 shares of restricted stock and options to purchase 5,000 shares of our Common Stock to each non-employee director. One-half of these awards vested on November 30, 2006 and the balance vests on May 31, 2007. The exercise price of the stock options is equal to the fair market value of the stock (\$9.30 per share) on the date of grant. These awards were made under the Company's 2004 Stock Incentive Plan (Amended and Restated Effective April 28, 2006) (the "Stock Incentive Plan"). The Board of Directors recommends, reviews and oversees the stock option plans for our non-employee directors. Mr. Hernandez, employer, JP Morgan, does not permit Mr. Hernandez to receive compensation for his service as a director and, therefore, he receives no cash payments or grants of restricted stock or stock options from us. In the future, we expect to continue to compensate our non-employee directors with a combination of cash and grants of restricted stock or stock options.

Director Compensation for Fiscal 2006

Name	Fees Earned or			Total (\$)
	Paid in Cash (\$)	Stock Awards \$(1)	Option Awards \$(1)	

Stephen P. Casper	67,375	39,663	13,987	121,025
David G. Gomach	67,125	39,663	13,987	120,775
Carlos M. Hernandez				
Ronald M. Hersch	45,000	39,663	13,987	98,650
Wayne D. Lyski	51,000	39,663	13,987	104,650
Jerome S. Markowitz	63,250	39,663	13,987	116,900
Nicolas S. Rohatyn	53,750	39,663	13,987	107,400
John Steinhardt	50,000	39,663	13,987	103,650

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- (1) The amounts reported reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with FAS 123R, without regard to the estimated forfeiture related to service-based vesting conditions, of awards pursuant to the Stock Incentive Plan, and thus include amounts attributable to awards granted in and prior to 2006. Assumptions used in the calculation of this amount are included in footnote 10 to the Company's audited financial statements for the fiscal year ended December 31, 2006, included in the Company's Annual Report on Form 10-K filed with the SEC on March 14, 2007.

PROPOSAL 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of our Board has appointed the firm of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm to audit our consolidated financial statements for the year ending December 31, 2007, and the Board is asking stockholders to ratify that selection. Although current law, rules and regulations, as well as the charter of the Audit Committee, require our independent registered public accounting firm to be engaged, retained and supervised by the Audit Committee, the Board considers the selection of our independent registered public accounting firm to be an important matter of stockholder concern and considers a proposal for stockholders to ratify such selection to be an important opportunity for stockholders to provide direct feedback to the Board on an important issue of corporate governance. In the event that stockholders fail to ratify the appointment, the Audit Committee will reconsider whether or not to retain PwC, but may ultimately determine to retain PwC as our independent registered public accounting firm. Even if the appointment is ratified, the Audit Committee, in its sole discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

Your vote

Unless proxy cards are otherwise marked, the persons named as proxies will vote **FOR** the ratification of PwC as the Company's independent registered public accounting firm for the year ending December 31, 2007. Approval of this proposal requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal.

Board recommendation

The Board recommends that you vote FOR ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year ending December 31, 2007.

Information about our independent registered public accounting firm

PwC has audited our consolidated financial statements each year since our formation in 2000. Representatives of PwC will be present at our Annual Meeting with the opportunity to make a statement if they desire to do so, and they will be available to respond to appropriate questions from stockholders.

Audit and other fees

The aggregate fees billed by our independent registered public accounting firm for professional services rendered in connection with the audit of our annual financial statements set forth in our Annual Report on Form 10-K for the years ended December 31, 2006 and 2005 and the audit of our broker-dealer subsidiaries' annual financial statements, as well as fees paid to PwC for tax compliance and planning and other services, are set forth below.

Except as set forth in the following sentence, the Audit Committee, or a designated member thereof, pre-approves 100% of all audit, audited-related, tax and other services rendered by PwC to the Company or its subsidiaries. The Audit Committee has authorized the Chief Executive Officer and the Chief Financial Officer to

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purchase permitted non-audit services rendered by PwC to the Company or its subsidiaries up to and including a limit of \$10,000 per service and an annual limit of \$20,000.

Immediately following the completion of each fiscal year, the Company's independent registered public accounting firm shall submit to the Audit Committee (and the Audit Committee shall request from the independent registered public accounting firm), as soon as possible, a formal written statement describing: (i) the independent registered public accounting firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review or peer review of the independent registered public accounting firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent registered public accounting firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent registered public accounting firm and the Company, including at least the matters set forth in Independence Standards Board Standard No. 1 (*Independence Discussion with Audit Committees*), in order to assess the independent registered public accounting firm's independence.

Immediately following the completion of each fiscal year, the independent registered public accounting firm also shall submit to the Audit Committee (and the Audit Committee shall request from the independent registered public accounting firm), a formal written statement of the fees billed by the independent registered public accounting firm to the Company in each of the last two fiscal years for each of the following categories of services rendered by the independent registered public accounting firm: (i) the audit of the Company's annual financial statements and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent registered public accounting firm, in the aggregate and by each service.

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