

MarketAxess Announces Monthly Volume Statistics for September and Third Quarter 2023

10/4/2023

NEW YORK--(BUSINESS WIRE)-- MarketAxess Holdings Inc. (Nasdaq: MKTX), the operator of a leading electronic trading platform for fixed-income securities, today announced monthly trading volume and preliminary variable transaction fees per million ("FPM") for the third quarter ended September 30, 2023.¹

Chris Concannon, CEO of MarketAxess, commented:

"Our international businesses and our municipal bond offering registered solid ADV growth in the quarter, reflecting the benefits of our geographic and product diversification. Continued low levels of volatility dampened ETF market maker activity and favored select trading protocols, including portfolio trading. Adoption of our new trading platform, MarketAxess X-Pro, continues to expand. We are seeing early signs that our unique proprietary data is enhancing the client experience, including the execution of portfolio trades, and the final week of September was our second strongest week of credit trading volume ever. Additionally, we just completed the acquisition of Pragma, which we expect to accelerate our automation and client algo strategies. We believe that the rapid increase in interest rates since 2022 and the growing risks in financial markets will drive increased credit market volatility in the coming quarters."

Select 3Q23 highlights*

- Total credit average daily volume ("ADV") of \$11.2 billion, up 1.7%.
- U.S. high-grade ADV of \$5.2billion, up 1.1% with estimated market share of 20.0%. U.S. high-grade estimated market ADV increased 6.4%.
- U.S. high-yield ADV of \$1.3 billion, down 20.4% with estimated market share of 16.1%. U.S. high-yield

estimated market ADV decreased 4.5%. The decrease in U.S. high-yield estimated market share was driven principally by low levels of credit spread volatility, resulting in a decrease in ETF market maker activity on the platform. The VIX index, an indicator of volatility, was an average 15.1 in 3Q23, down 39.1% from 24.7 in 3Q22.

- 8.0% increase in emerging markets ADV to \$2.8 billion, driven by a 26.9% increase in local markets trading volume, partially offset by a 4.2% decline in hard currency trading volume; 4.3% decrease in emerging markets estimated market ADV.²
- 18.2% increase in Eurobonds ADV to \$1.5 billion. Eurobonds estimated market ADV increased 31.6%.³
- Municipal bond ADV of \$388 million, up 7.5% with estimated market share of 5.8%. Municipal bond estimated market ADV decreased 10.1%.
- \$27.5 billion in total portfolio trading volume, up 11.1% from \$24.7 billion in 3Q22.
- 33% Open Trading[®] share⁴ of total credit trading volume, down from 37% in the prior year on lower volatility. Estimated price improvement⁵ via Open Trading in the quarter was approximately \$120 million and is \$529 million year-to-date through September 2023 on lower volatility.
- The preliminary FPM¹ for total credit for 3Q23 was approximately \$155, compared to \$157 in 2Q23 and \$166 in the prior year. The decline in total credit FPM in 3Q23 compared to the prior year was due principally to a change in the mix of credit products traded, specifically a decline in U.S. high-yield trading volume, which is the highest FPM product, and the lower duration of bonds traded in U.S. high-grade. The preliminary FPM for total rates was \$4.60, compared to \$4.17 in the prior year.

*All comparisons versus 3Q22 unless otherwise noted.

Table 1: September 2023 trading ADV

			CREDIT						RATES		
\$ in millions (unaudited)	US/UK Trading Days ⁶	Total ADV	Total Credit	High-Grade	High-Yield	Emerging Markets	Eurobonds	Municipal Bonds	Total Rates	US Govt. Bonds	Agcy./Other Govt. Bonds
Sep-23	20/21	\$29,625	\$11,764	\$5,388	\$1,326	\$2,949	\$1,658	\$427	\$17,861	\$17,331	\$530
Sep-22	21/21	\$32,618	\$12,249	\$5,721	\$1,828	\$2,810	\$1,513	\$360	\$20,369	\$19,948	\$421
% Change		(9%)	(4%)	(6%)	(27%)	5%	10%	19%	(12%)	(13%)	26%

Table 1A: September 2023 estimated market share

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	CREDIT						RATES
(unaudited)	High-Grade	High-Yield	High-Grade/ High-Yield Combined	Eurobonds3	Composite Corporate Bond7	Municipals	US Govt. Bonds
Sep-23	19.5%	15.4%	18.5%	15.5%	18.1%	5.9%	2.9%
Sep-22	21.7%	21.3%	21.6%	18.3%	21.4%	4.2%	3.8%
Bps Change	(220) bps	(590) bps	(310) bps	(280) bps	(330) bps	+170 bps	(90) bps

Table 1B: 3Q23 trading ADV

			CREDIT						RATES		
\$ in millions (unaudited)	US/UK Trading Days6	Total ADV	Total Credit	High- Grade	High- Yield	Emerging Markets	Eurobonds	Municipal Bonds	Total Rates	US Govt. Bonds	Agcy./Other Govt. Bonds
3Q23	63/64	\$29,285	\$11,156	\$5,179	\$1,294	\$2,799	\$1,484	\$388	\$18,129	\$17,713	\$416
3Q22	64/64	\$31,440	\$10,974	\$5,124	\$1,626	\$2,592	\$1,255	\$361	\$20,466	\$20,133	\$333
% Change		(7%)	2%	1%	(20%)	8%	18%	7%	(11%)	(12%)	25%

Table 1C: 3Q23 estimated market share

	CREDIT						RATES
(unaudited)	High-Grade	High-Yield	High-Grade/ High-Yield Combined	Eurobonds3	Composite Corporate Bond7	Municipals	US Govt. Bonds
3Q23	20.0%	16.1%	19.1%	15.8%	18.8%	5.8%	2.9%
3Q22	21.1%	19.3%	20.6%	17.6%	20.6%	4.9%	3.6%
Bps Change	(110) bps	(320) bps	(150) bps	(180) bps	(180) bps	+90 bps	(70) bps

Table 1D: Rolling 6-month trading ADV (period ending September 30, 2023 compared to period ending September 30, 2022)

			CREDIT						RATES		
\$ in millions (unaudited)	US/UK Trading Days6	Total ADV	Total Credit	High- Grade	High- Yield	Emerging Markets	Eurobonds	Municipal Bonds	Total Rates	US Govt. Bonds	Agcy./Other Govt. Bonds
Sep-23	125/124	\$28,555	\$11,680	\$5,436	\$1,383	\$2,757	\$1,705	\$388	\$16,875	\$16,448	\$427
Sep-22	126/124	\$33,380	\$11,620	\$5,458	\$1,698	\$2,708	\$1,369	\$366	\$21,760	\$21,375	\$385
% Change		(14%)	1%	(0%)	(19%)	2%	25%	6%	(22%)	(23%)	11%

Table 1E: Rolling 6-month estimated market share (period ending September 30, 2023 compared to period ending September 30, 2022)

	CREDIT						RATES
(unaudited)	High-Grade	High-Yield	High-Grade/ High-Yield Combined	Eurobonds ³	Composite Corporate Bond ⁷	Municipals	US Govt. Bonds
Sep-23	20.4%	16.3%	19.4%	17.2%	19.3%	5.8%	2.7%
Sep-22	21.7%	18.2%	20.8%	16.2%	20.4%	4.3%	3.6%
Bps Change	(130) bps	(190) bps	(140) bps	+100 bps	(110) bps	+150 bps	(90) bps

¹The FPM for total credit and total rates for 3Q23 are preliminary and may be revised in subsequent updates and public filings. The Company undertakes no obligation to update any fee information in future press releases.

²Emerging markets estimated market ADV is derived by combining MarketAxess TraX emerging markets trading volume (currently estimated to represent approximately 60% of the total emerging markets market beginning in September 2023, up from the previous estimate of 55%) and FINRA TRACE-reportable emerging markets trading volume, principally U.S. dollar denominated corporates.

³Eurobonds estimated market ADV and estimated market share are derived from MarketAxess TraX data for Eurobonds and covered bonds market trading volume, which is currently estimated to represent approximately 80% of the total European market beginning in September 2023, up from the previous estimate of 70%.

⁴Open Trading share of total credit trading volume is derived by taking total Open Trading volume across all credit products where Open Trading is offered and dividing by total credit trading volume across all credit products where Open Trading is offered.

⁵Estimated price improvement consists of estimated liquidity taker price improvement (defined as the difference between the winning price and the best disclosed dealer cover price) and estimated liquidity provider price improvement (defined as the difference between the winning price and then current Composite+ bid or offer level, offer if the provider is buying, bid if provider is selling) at the time of the inquiry.

⁶The number of U.S. trading days is based on the SIFMA holiday recommendation calendar and the number of U.K. trading days is based primarily on the U.K. Bank holiday schedule.

⁷Composite corporate bond estimated market share is defined as combined estimated market share across U.S. high-grade (derived from FINRA TRACE reported data), U.S. high-yield (derived from FINRA TRACE reported data), emerging markets (derived from FINRA TRACE-reportable emerging markets volume, principally U.S. dollar denominated corporates) and Eurobonds (derived from MarketAxess TRAX data which is currently estimated to represent approximately 70% of the total European market) product areas.

Reported MarketAxess volume in all product categories includes only fully electronic trading volume. MarketAxess trading volumes, TRACE reported volumes and MarketAxess Post-Trade processed volumes are available on the Company's website at investor.marketaxess.com/volume.

Cautionary Note Regarding Forward-Looking Statements

This press release may contain forward-looking statements, including statements about the outlook and prospects for Company, market conditions and industry growth, as well as statements about the Company's future financial and operating performance. These and other statements that relate to future results and events are based on MarketAxess' current expectations. The Company's actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties, including: global economic, political and market factors; risks relating to the COVID-19 pandemic, including the possible effects of the economic conditions worldwide resulting from the COVID-19 pandemic; adverse effects as a result of climate change or other ESG risks that could affect our reputation; the level of trading volume transacted on the MarketAxess platform; the rapidly evolving nature of the electronic financial services industry; the level and intensity of competition in the fixed-income electronic trading industry and the pricing pressures that may result; reputational or credibility risks

related to our data products and index business; the variability of our growth rate; our ability to introduce new fee plans and our clients' response; our ability to attract clients or adapt our technology and marketing strategy to new markets; risks related to our growing international operations; our dependence on our broker-dealer clients; the loss of any of our significant institutional investor clients; our exposure to risks resulting from non-performance by counterparties to transactions executed between our clients in which we act as an intermediary in matched principal trades; risks related to self-clearing; risks related to sanctions levied against states or individuals that could expose us to operational or regulatory risks; the effect of rapid market or technological changes on us and the users of our technology; our dependence on third-party suppliers for key products and services; our ability to successfully maintain the integrity of our trading platform and our response to system failures, capacity constraints and business interruptions; the occurrence of design defects, errors, failures or delays with our platforms; our vulnerability to malicious cyber-attacks and attempted data security breaches; our actual or perceived failure to comply with privacy and data protection laws; our ability to protect our intellectual property rights or technology and defend against intellectual property infringement or other claims; our ability to enter into strategic alliances and to acquire other businesses and successfully integrate them with our business; our dependence on our management team and our ability to attract and retain talent; limitations on our flexibility because we operate in a highly regulated industry; the increasing government regulation of us and our clients; risks related to the divergence of U.K. and European Union legal and regulatory requirements following the U.K.'s exit from the European Union; our exposure to costs and penalties related to our extensive regulation; our risks of litigation and securities laws liability; our future capital needs and our ability to obtain capital when needed; limitations on our operating flexibility contained in our credit agreement; and other factors. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. More information about these and other factors affecting MarketAxess' business and prospects is contained in MarketAxess' periodic filings with the Securities and Exchange Commission and can be accessed at www.marketaxess.com.

About MarketAxess

MarketAxess (Nasdaq: MKTX) operates a leading electronic trading platform that delivers greater trading efficiency, a diversified pool of liquidity and significant cost savings to institutional investors and broker-dealers across the global fixed-income markets. Over 2,000 firms leverage MarketAxess' patented technology to efficiently trade fixed-income securities. MarketAxess' award-winning Open Trading® marketplace is widely regarded as the preferred all-to-all trading solution in the global credit markets. Founded in 2000, MarketAxess connects a robust network of market participants through an advanced full trading lifecycle solution that includes automated trading solutions, intelligent data and index products and a range of post-trade services. Learn more at www.marketaxess.com and on Twitter [@MarketAxess](https://twitter.com/MarketAxess).

Table 2: Trading Volume Detail

In millions (unaudited)	Month Ended September 30,					
	2023		2022		% Change	
	Volume	ADV	Volume	ADV	Volume	ADV
Credit						
High-grade	\$ 107,768	\$ 5,388	\$ 120,151	\$ 5,721	(10.3)%	(5.8)%
High-yield	26,516	1,326	38,397	1,828	(30.9)	(27.5)
Emerging markets	58,981	2,949	59,020	2,810	(0.1)	4.9
Eurobonds	34,823	1,658	31,779	1,513	9.6	9.6
Other credit	8,879	443	7,923	377	12.1	17.5
Total credit trading ¹	236,967	11,764	257,270	12,249	(7.9)	(4.0)
Rates						
U.S. government bonds ²	346,626	17,331	418,910	19,948	(17.3)	(13.1)
Agency and other government bonds ¹	10,888	530	8,837	421	23.2	25.9
Total rates trading	357,514	17,861	427,747	20,369	(16.4)	(12.3)
Total trading	<u>\$ 594,481</u>	<u>\$ 29,625</u>	<u>\$ 685,017</u>	<u>\$ 32,618</u>	(13.2)	(9.2)
Number of U.S. Trading Days ³		20		21		
Number of U.K. Trading Days ⁴		21		21		

In millions (unaudited)	Quarter Ended September 30,					
	2023		2022		% Change	
	Volume	ADV	Volume	ADV	Volume	ADV
Credit						
High-grade	\$ 326,304	\$ 5,179	\$ 327,916	\$ 5,124	(0.5)%	1.1%
High-yield	81,511	1,294	104,066	1,626	(21.7)	(20.4)
Emerging markets	176,334	2,799	165,910	2,592	6.3	8.0
Eurobonds	94,980	1,484	80,305	1,255	18.3	18.2
Other credit	25,185	400	24,159	377	4.2	6.1
Total credit trading ¹	704,314	11,156	702,356	10,974	0.3	1.7
Rates						
U.S. government bonds ²	1,115,889	17,713	1,288,543	20,133	(13.4)	(12.0)
Agency and other government bonds ¹	26,467	416	21,281	333	24.4	24.9
Total rates trading	1,142,356	18,129	1,309,824	20,466	(12.8)	(11.4)
Total trading	<u>\$ 1,846,670</u>	<u>\$ 29,285</u>	<u>\$ 2,012,180</u>	<u>\$ 31,440</u>	(8.2)	(6.9)
Number of U.S. Trading Days ³		63		64		
Number of U.K. Trading Days ⁴		64		64		

Table 2: Trading Volume Detail (continued)

In millions (unaudited)	Year-to-Date Ended September 30,					
	2023		2022		% Change	
	Volume	ADV	Volume	ADV	Volume	ADV
Credit						
High-grade	\$ 1,072,258	\$ 5,734	\$ 1,029,794	\$ 5,478	4.1%	4.7%
High-yield	295,774	1,582	314,721	1,674	(6.0)	(5.5)
Emerging markets	536,432	2,869	530,964	2,824	1.0	1.6
Eurobonds	329,841	1,754	263,862	1,411	25.0	24.3
Other credit	78,597	420	67,820	361	15.9	16.3

Total credit trading ¹	<u>2,312,902</u>	<u>12,359</u>	<u>2,207,161</u>	<u>11,748</u>	4.8	5.2
Rates						
U.S. government bonds ²	3,547,308	18,970	4,248,009	22,596	(16.5)	(16.0)
Agency and other government bonds ¹	<u>80,249</u>	<u>428</u>	<u>74,644</u>	<u>397</u>	7.5	7.8
Total rates trading	<u>3,627,557</u>	<u>19,398</u>	<u>4,322,653</u>	<u>22,993</u>	(16.1)	(15.6)
Total trading	<u>\$ 5,940,459</u>	<u>\$ 31,757</u>	<u>\$ 6,529,814</u>	<u>\$ 34,741</u>	(9.0)	(8.6)
Number of U.S. Trading Days ³		187		188		
Number of U.K. Trading Days ⁴		188		187		

¹ Consistent with FINRA TRACE reporting standards, both sides of trades are included in the Company's reported volumes when the Company executes trades on a matched principal basis between two counterparties.

² Consistent with industry standards, U.S. government bond trades are single-counted.

³ The number of U.S. trading days is based on the SIFMA holiday recommendation calendar.

⁴ The number of U.K. trading days is based primarily on the U.K. Bank holiday schedule.

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Source: MarketAxess Holdings Inc.