

MARKETAXESS HOLDINGS INC  
Form DEF 14A  
April 26, 2017

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

(Amendment No.      )

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  
MarketAxess Holdings Inc.

(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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MarketAxess Holdings Inc.

299 Park Avenue, 10th Floor

New York, New York 10171

April 26, 2017

To the Stockholders of MarketAxess Holdings Inc.:

You are invited to attend the 2017 Annual Meeting of Stockholders (the “Annual Meeting”) of MarketAxess Holdings Inc. (the “Company”) scheduled for Thursday, June 8, 2017 at 10:00 a.m., Eastern Daylight Time, at the InterContinental New York Barclay Hotel, 111 East 48<sup>th</sup> Street, New York, New York 10017. The Company’s Board of Directors and management look forward to seeing you.

Details of the business to be conducted at the Annual Meeting are given in the attached Notice of Annual Meeting and Proxy Statement, which you are urged to read carefully.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. We believe these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting. On April 27, 2017, we expect to mail to our stockholders a Notice containing instructions on how to access our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2016 and vote online. The Notice contains instructions on how you can receive a paper copy of the Proxy Statement, proxy card and Annual Report if you only received a Notice by mail.

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 cast your vote via the Internet or telephone or complete, sign, date and return the proxy card in the pre-addressed envelope that we have included for your convenience. 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 via the Internet or by telephone.

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

Sincerely,

Richard M. McVey  
Chairman and Chief Executive Officer

MarketAxess Holdings Inc.

299 Park Avenue, 10th Floor

New York, New York 10171

NOTICE OF

2017 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of MarketAxess Holdings Inc.:

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Stockholders (the “Annual Meeting”) of MarketAxess Holdings Inc., a Delaware corporation (the “Company”), will be held on Thursday, June 8, 2017, at 10:00 a.m., Eastern Daylight Time, at the InterContinental New York Barclay Hotel, 111 East 48<sup>th</sup> Street, New York, New York 10017.

At the Annual Meeting we will:

1. vote to elect the 10 nominees named in the attached Proxy Statement as members of the Company’s Board of Directors for terms expiring at the 2018 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, 2017;
3. hold an advisory vote on the compensation of the Company’s named executive officers as disclosed in the attached Proxy Statement;
4. hold an advisory vote on the frequency of future advisory votes on the compensation of the Company’s named executive officers; and;
5. 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 11, 2017. 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 11, 2017. Please remember that your shares cannot be voted unless you cast your vote by one of the following methods: (1) vote via the Internet or call the toll-free number as indicated on the proxy card; (2) sign and return a paper proxy card; or (3) vote in person at the Annual Meeting.

By Order of the Board of Directors,

Scott Pintoff  
General Counsel and Corporate Secretary

New York, New York

April 26, 2017

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

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MarketAxess Holdings Inc.

299 Park Avenue, 10th Floor

New York, New York 10171

PROXY STATEMENT for the

2017 ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 8, 2017

#### GENERAL INFORMATION

This Proxy Statement is furnished in connection with a solicitation of proxies by the Board of Directors (the “Board” or “Board of Directors”) of MarketAxess Holdings Inc., a Delaware corporation (“MarketAxess”, the “Company”, “we” or “our”) to be used at our 2017 Annual Meeting of Stockholders (the “Annual Meeting”) scheduled for Thursday, June 8, 2017, at 10:00 a.m., Eastern Daylight Time, at the InterContinental New York Barclay Hotel, 111 East 48<sup>th</sup> Street, New York, New York 10017.

This Proxy Statement, the accompanying Notice of Annual Meeting of Stockholders and proxy card are first being mailed to stockholders on or about April 27, 2017. 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 8, 2017 meeting.

Holders of record of our Common Stock, par value \$0.003 per share (“Common Stock”), at the close of business on April 11, 2017 (the “Record Date”) are entitled to notice of, and to vote at, the Annual Meeting. On that date, there were 37,088,070 shares entitled to be voted.

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 vote via the Internet or telephone or execute the attached paper proxy card, the individuals designated will vote your shares according to your instructions. If any matter other than the Proposals 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 indicate when voting via the Internet that you wish to vote as recommended by the Board or if you execute the enclosed paper proxy card but do not give instructions, your proxy will be voted as follows: (1) FOR the election of the nominees for director named herein, (2) FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2017, (3) FOR the approval, on an advisory basis, of the compensation of the Company’s named executive officers as disclosed in this Proxy Statement, (4) “Once Per Year” on the frequency of our advisory vote on executive compensation, and (5) in accordance with the best judgment of the persons appointed as proxies with respect to any other matters that properly come before the Annual Meeting. If your shares are held in a stock brokerage account or by a bank or other nominee, see the information under the heading Voting — Broker authority to vote.

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 under the headings Solicitation of Proxies and Voting.

We are furnishing proxy materials to our stockholders primarily via the Internet. On April 27, 2017, we expect to mail beneficial owners of our Common Stock a Notice of Internet Availability containing instructions on how to access our proxy materials, including this Proxy Statement and our Annual Report. The Notice of Internet Availability also instructs you on how to vote via the Internet. Other stockholders, in accordance with their prior requests, received e-mail notification of how to access our proxy materials and vote via the Internet, or have been mailed paper copies of our proxy materials and a proxy card or voting form. The proxy card includes instructions on how to vote via the telephone. All beneficial owners will have the ability to access the proxy materials, including this Proxy Statement and our Annual Report, on the website referred to in the Notice of Internet Availability.



Internet distribution of our proxy materials is designed to provide our stockholders with the information they need, while lowering costs of delivery and reducing the environmental impact of our Annual Meeting. However, if you would prefer to receive paper copies of proxy materials, please follow the instructions included in the Notice of Internet Availability. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

Important Notice Regarding the Availability of Proxy Materials

for the Stockholder Meeting to be held on June 8, 2017

Our Proxy Statement and 2016 Annual Report to Stockholders are available at

<https://materials.proxyvote.com/57060D>

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## 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 a Notice of Internet Availability of Proxy Materials, 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 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

Each stockholder is entitled to one vote for each share of Common Stock held on each matter submitted to a vote at the Annual Meeting. As of the Record Date, 37,088,070 shares of Common Stock were outstanding and entitled to be voted at the Annual Meeting.

### How to vote

#### Submitting a proxy via mail, the Internet or telephone

You may vote by calling the toll-free telephone number listed on the proxy card or visiting the website address listed on the Notice or the 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 Notice before your proxy will be accepted. In addition to the instructions that appear on the Notice, step-by-step instructions will be provided by recorded telephone message or at the designated website on the Internet. Votes submitted by telephone or via the Internet must be received by 11:59 p.m., EDT, on June 7, 2017 in order for them to be counted at the Annual Meeting.

If you are a stockholder of record, or otherwise received a printed copy of the proxy materials, in addition to the methods described above, you may also submit your proxy with voting instructions by mail by following the instructions set forth on the proxy card included with the proxy materials. 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.

#### Voting your shares in person at the Annual Meeting

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For Shares Directly Registered in the Name of the Stockholder: You may vote in person at the Annual Meeting; however, we encourage you to vote by proxy card or the Internet even if you plan to attend the meeting. 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 11, 2017, the Record Date.

For Shares Registered in the Name of a Brokerage Firm or Bank: You may vote in person at the Annual Meeting; however, 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 11, 2017. 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 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.

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., 299 Park Avenue, 10th Floor, New York, NY 10171, (2) subsequently sending another proxy bearing a later date or (3) attending the Annual Meeting and voting in person by ballot.

If your shares are registered in the name of a brokerage firm or bank, you must contact your brokerage firm or bank to change your vote or obtain a proxy to vote your shares if you wish to cast your vote in person at the meeting.

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.

#### 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 an account statement or other acceptable evidence of ownership of our Common Stock or 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 only on routine matters, such as the 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, such as the election of directors. A “broker non-vote” occurs when a beneficial owner has not provided voting instructions and the broker holding shares for the beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that proposal.

#### Quorum

A quorum is required for the conduct of business at the meeting. The presence at the meeting, in person or by proxy, of the holders of shares having a majority of the voting power represented by all outstanding shares entitled to vote on the Record Date will constitute a quorum, permitting us to conduct the business of the meeting. Proxies received but marked as abstentions, if any, and broker non-votes (as described above) will be included in the calculation of the number of shares considered to be present at the meeting for quorum purposes. If we do not have a quorum, we will be forced to reconvene the Annual Meeting at a later date.

#### Votes necessary to approve each proposal

Election of Directors. Our Bylaws include a majority voting standard for the election of directors in uncontested elections, which are generally defined as elections in which the number of nominees does not exceed the number of directors to be elected at the meeting. In the election of directors (Proposal 1), you may either vote “FOR,” “AGAINST” or “ABSTAIN” as to each nominee. Cumulative voting is not permitted. Under the majority voting standard, in uncontested elections of directors, such as this election, each director must be elected by the affirmative vote of a majority of the votes cast by the shares present in person or represented by proxy and entitled to vote. A majority of

the votes cast means that the number of votes cast “FOR” a candidate for director exceeds the number of votes cast “AGAINST” that candidate for director. Brokers do not have discretionary authority to vote for directors. Abstentions and broker non-votes will not count as a vote cast “FOR” or “AGAINST” a nominee’s election and thus will have no effect in determining whether a director nominee has received a majority of the votes cast.

Other Items. For the ratification of our independent registered public accounting firm (Proposal 2) and the adoption of a resolution approving on a non-binding, advisory basis the compensation of the Company’s named executive officers (Proposal 3), the proposals will be decided by the affirmative vote of the holders of a majority of the shares present in person or represented by proxy. Abstentions will be counted as shares present and entitled to vote on these proposals and will have the same effect as negative votes. Broker non-votes will not be counted as shares present and entitled to vote.

With respect to the frequency of future advisory votes on the compensation of the Company’s named executive officers (Proposal 4), approval of a frequency requires votes for that frequency from the holders of a majority of the shares present in person or represented by proxy. Because stockholders have four choices (one year, two years, three years or abstain) on the advisory approval of a frequency of future votes on the compensation of the Company’s named executive officers, it is possible that no frequency will

receive a majority vote. If no frequency receives the affirmative vote of a majority of the shares present in person or represented by proxy, our Board intends to regard the frequency receiving the greatest number of votes as the recommendation of our stockholders. Abstentions will be counted as shares present and entitled to vote on this proposal and will have the same effect as a vote against each frequency. Broker non-votes will not be counted as shares present and entitled to vote. The Board and the Compensation Committee will consider the outcome of the vote when making their determination regarding how frequently (every one, two or three years) over the next six years the advisory vote will be held, after which period another frequency vote will be held.

#### Certain stockholder-related matters

We do not know of any stockholder proposals that may be properly presented at the Annual Meeting. For information regarding inclusion of stockholder proposals in our 2018 Annual Meeting of Stockholders, see the information in this Proxy Statement under the section heading Other Matters — Stockholder proposals for 2018 Annual Meeting.

#### AVAILABILITY OF CERTAIN DOCUMENTS

##### Householding of Annual Meeting materials

The Company and 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., 299 Park Avenue, 10th Floor, New York, NY 10171 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 U.S. Securities and Exchange Commission (“SEC”). Copies of these filings are available through our Internet website at [www.marketaxess.com](http://www.marketaxess.com) or the SEC’s website at [www.sec.gov](http://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, 2016, without charge to any stockholder upon written or oral request to our Investor Relations Department at MarketAxess Holdings Inc., 299 Park Avenue, 10th Floor, New York, NY 10171 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. Our Board currently consists of 11 directors, 10 of whom are not our employees. Each of the nominees for director was elected by the Company's stockholders on June 7, 2016, except for Richard G. Ketchum, who was appointed to the Board as of April 1, 2017. The directors will be elected for a term that begins at the Annual Meeting and ends at the 2018 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.

Ronald M. Hersch, who has been a director since July 2000, will not stand for reelection. Mr. Hersch's retirement from the Board will be effective as of the date of the Annual Meeting. Following the Annual Meeting, and assuming the election of each director nominee, our Board will consist of 10 directors, 9 of whom are not our employees.

### 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 at the 2018 Annual Meeting of Stockholders, unless you specifically indicate on the proxy card that you are casting a vote against one or more of the nominees or abstaining from such vote.

A majority of the votes cast by stockholders entitled to vote at the Annual Meeting is required for the election of each director. Accordingly, the directorships to be filled at the Annual Meeting will be filled by the nominees receiving a majority of votes for their election. In the election of directors, stockholders will be given the choice to cast votes for or against the election of directors or to abstain from such vote. The number of shares voted for a director must exceed the number of votes cast against that director. Abstentions and broker non-votes will be excluded entirely from the vote and will have no effect on the outcome of the vote.

### Board recommendation

**THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF EACH OF THE FOLLOWING NOMINEES:**

Richard M. McVey

Steven L. Begleiter

Stephen P. Casper

Jane Chwick

William F. Cruger

David G. Gomach

Carlos M. Hernandez

Richard G. Ketchum

John Steinhardt

James J. Sullivan

Each of these nominees is currently serving as a director on our Board, and each nominee has agreed to continue to serve on the Board if he or she is elected at the Annual Meeting. If any nominee is unable (or for good cause 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 below under Director information.

#### Qualifications for director nominees

The minimum qualifications for Board consideration are:

- substantial experience working as an executive officer for, or serving on the board of, a public company;
- significant accomplishment in another field of endeavor related to the strategic running of our business; or
- 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 must demonstrate strong leadership skills and 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. The key experience, qualifications and skills each of our directors brings to the Board that are important in light of our business are included in their individual biographies below.

Our Board does not have a formal written policy with regard to the consideration of diversity in identifying director nominees. Our Corporate Governance Guidelines, however, require the Board's Nominating and Corporate Governance Committee to review the qualifications of the directors and the composition of the Board as a whole. This assessment includes not only the independence of the directors, but consideration of required minimum qualifications, skills, expertise and experience in the context of the needs of the Board and its ability to oversee the Company's business.

#### Director information

At the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the persons named below to serve as directors of the Company for a term beginning at the Annual Meeting and ending at the 2018 Annual Meeting of Stockholders.

Richard M. McVey	Richard M. McVey (57) 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 J.P. Morgan, 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 J.P. Morgan's North America Futures and Options Business, including institutional brokerage, research, operations, finance and compliance. Mr. McVey serves on the Board of Directors of Miami (Ohio) University Foundation. He previously served on the board of directors of Blue Mountain Credit Alternatives L.P., an asset management fund focused on the credit markets and equity derivatives markets, and now serves on the board of directors for the Miami University Foundation and the Colby College Board of Trustees. Mr. McVey received a B.A. in Finance from Miami (Ohio) University and an M.B.A. from Indiana University.
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Director since April 2000

Mr. McVey's role as one of our founders and his service as our Chief Executive Officer for over 17 years give him deep knowledge and understanding of all aspects of the business and operations of MarketAxess. Mr. McVey's extensive experience in the financial services industry, including significant leadership roles at J.P. Morgan, has provided the Company with comprehensive knowledge of the financial markets that we serve and the institutions and dealers that are our clients.

Steven L. Begleiter	Steven L. Begleiter (55) has been employed with Flexpoint Ford, LLC, a private equity group focused on investments in financial services and healthcare, since October 2008, where he currently serves as Managing Director. Prior to joining Flexpoint Ford, Mr. Begleiter spent 24
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Director since  
April 2012

years at Bear Stearns & Co., serving first as an investment banker in the Financial Institutions Group and then as Senior Managing Director and member of its Management and Compensation Committee from 2002 to September 2008. Mr. Begleiter also served as head of Bear Stearns' Corporate Strategy Group. Mr. Begleiter currently serves on the board of directors of WisdomTree Investments, Inc., Great Ajax Corp. and on the board of directors of certain portfolio companies of Flexpoint Ford, LLC. Mr. Begleiter received a B.A. with Honors in Economics from Haverford College.

Mr. Begleiter brings many years of leadership experience in the financial services and private equity industries to the Board. Mr. Begleiter also has extensive industry knowledge and perspectives on mergers and acquisitions and capital formation.

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Stephen P. Casper (67) is retired. Mr. Casper was the President of TRG Management L.P., the investment manager of the TRG Global Opportunity Master Fund, Ltd., from April 2010 to August 2012. From September 2008 to April 2010, Mr. Casper was a partner of Vastardis Capital Services, which provides fund administration and securities processing outsourcing services to hedge funds, funds of funds and private equity funds and their investment management sponsors. Prior to this, Mr. Casper was Chairman and Chief Executive Officer of Charter Atlantic Corporation, the holding company of Fischer Francis Trees & Watts, Inc. (“FFTW”), a specialist manager of U.S., global and international fixed-income portfolios for institutional clients, and Malbec Partners, a manager of single-strategy hedge funds. From April 2004 to January 2008, Mr. Casper was the President and CEO of FFTW. Mr. Casper joined FFTW 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 has been a member of the Board of Directors of the KLS Diversified Fund, the KLS Rates Fund and the KLS Credit Opportunities Fund, all of which are fixed income hedge funds, since July 2012. Mr. Casper is Vice-Chairman of the Board of Directors of GMO LLC, a global investment management firm providing clients with asset management solutions and services, since May 2014. Mr. Casper is a member of the Investment Committee of the Brooklyn Museum. Mr. Casper is a Certified Public Accountant and received a B.B.A. in accounting from Baruch College, from which 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.

Mr. Casper’s experience in the fixed-income markets and financial services industry and his experience in financial reporting and accounting roles bring extensive public accounting, financial reporting, risk management and leadership skills to the Board.

Jane Chwick (54) has been Co-CEO of Trewtec, Inc., a technology advisory firm designed to help board members and CEOs evaluate the technology function in their companies, since September 2014. Prior to this role, she was a Partner and Co-Chief Operating Officer of the Technology Division of Goldman Sachs Group, Inc. where she was responsible for financial and business planning, technical strategy and ongoing management of an 8,000-person organization until her retirement in April 2013. During her 30 year career at Goldman Sachs, Ms. Chwick held a number of senior positions, including Global Head of Technology of the Securities Division and Global Head of Derivatives Technology. During her tenure, she drove the design, build and integration of technology across all of Goldman Sachs’ derivatives businesses, including fixed income, commodities, currencies and equities. Ms. Chwick is a member of the Board of Directors of Voya Financial, Inc. and also serves as a board member of the Queens College Foundation. Ms. Chwick received a B.A. in Mathematics from Queens College and an M.B.A. from St. Johns University with a concentration in MIS and Quantitative Analysis.

Ms. Chwick’s extensive technology leadership experience gained in a global financial services firm, combined with her depth of market knowledge and industry insight, bring valuable skills and strategic perspective to the Board.

William F. Cruger (58) was most recently Vice Chairman of Investment Banking at JPMorgan Chase & Co. where he was responsible for key client relationships on a global basis until his retirement in August 2013. Previously, Mr. Cruger held a number of senior positions at J.P. Morgan, including Managing Director in the Financial Institutions group from 1996 to 2011. During this time, he oversaw the

Director since November 2013 rationalization of the firm's private equity investments in trading platforms and related ventures at LabMorgan from 2000 to 2001. Prior to this, Mr. Cruger ran the firm's investment banking practices in Japan from 1991 to 1996, Latin America from 1989 to 1991 and Emerging Asia from 1984 to 1988. He currently serves as a board member of People's United Financial, Inc. and Virtu Financial, Inc., and has previously served on the boards of Archipelago, Credittrade and Capital IQ. Mr. Cruger received a B.A. from Clark University and an M.B.A. from Columbia University.

Mr. Cruger's diverse experience in investment banking at a global financial services firm, his extensive knowledge of financial institutions and financial markets, his leadership roles as a director of other financial services firms, and his international business experience bring critical skills and strategic insight to the Board.

David G. Gomach (58) is retired. Mr. Gomach was the Chief Financial Officer and Treasurer of School Specialty, Inc. from September 2006 through June 2007, having joined as Executive Vice President — Finance in August 2006. Prior to 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 Mercury Marine, a subsidiary of Brunswick Corporation. From April 2011 to October 2012, Mr. Gomach served as a director and member of the audit committee for Eladian Partners, a privately held multi-asset class trading company. 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.

Director since February 2005

Mr. Gomach brings to the Board leadership experience from his prior roles and deep knowledge of public accounting, financial reporting and risk management matters facing public companies in the financial services industry, including internal controls and Sarbanes-Oxley compliance.

Carlos M. Hernandez (55) is Head of Global Banking at JPMorgan Chase & Co., serves on the JPMorgan Chase Executive Committee and is a member of the Corporate & Investment Bank’s leadership team. Prior to this position, Mr. Hernandez was Global Head of Investor Services and led J.P. Morgan’s Global Equities and Prime Services business. He previously managed the Origination and Distribution business for the Americas, Institutional Equities for the Americas and Global Equity Capital Markets at J.P. Morgan. Before joining the Equities division, Mr. Hernandez was head of Investment Banking, Latin America. Mr. Hernandez has been with J.P. Morgan since 1986, working on a wide array of advisory and financing transactions for both corporations and governments, across various product groups and geographic regions. Mr. Hernandez currently serves on the boards of The Brunswick School in Connecticut and John Hopkins School of Sciences in Maryland. In 2005, he served on the board of the Securities Industries Association. Mr. Hernandez has a B.S. in Business from the State University of New York and an M.B.A. from Columbia University.

Director since February 2006

Mr. Hernandez has a broad range of leadership experience and a deep understanding of the global financial markets and financial services and securities industries, including the particular needs of an international corporation. Mr. Hernandez also has a unique understanding of, and experience with, our broker-dealer clients and their needs, particularly in the context of recent regulatory reform.

Richard G. Ketchum (65) is retired. Mr. Ketchum was Chief Executive Officer of the Financial Industry Regulatory Authority, Inc. (“FINRA”) from March 2009 to July 2016 and served as Chairman of FINRA’s Board of Governors from March 2009 to August 2016. Prior to joining FINRA, Mr. Ketchum held a range of senior regulatory positions in the financial industry over twenty years, including as Chief Executive Officer of NYSE Regulation, Inc., President of the NASDAQ OMX Group Inc., a predecessor of Nasdaq, Inc., President and Chief Operating Officer of the National Association of Securities Dealers Inc., a predecessor of FINRA, and Director of the Division of Market Regulation at the SEC. Mr. Ketchum was also the General Counsel of the Corporate and Investment Bank of Citigroup Inc. Mr. Ketchum currently serves on the board of directors of Greystone Managed Investments, Inc. Mr. Ketchum received a B.A. from Tufts University and a J.D. from New York University Law School.

Director since April 2017

Mr. Ketchum brings to the Board substantial regulatory experience in the securities industry and deep knowledge of the legal and compliance issues facing companies in the financial services industry.

**John Steinhardt** John Steinhardt (63) is a founder, and has been a Managing Partner, Co-Chief Executive Officer and Co-Chief Investment Officer, of KLS Diversified Asset Management since July 2007. From July 2006 until July 2007, Mr. Steinhardt managed a private investment portfolio. Mr. Steinhardt was the founder, Chief Executive Officer and Chief Investment Officer of Spectrum Investment Group from January 2005 to July 2006. Until October 2004, Mr. Steinhardt was Head of North American Credit Markets for JPMorgan Chase & Co. and a member of the Management Committee of the Investment Banking Division of JPMorgan 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. He currently serves on the board of directors of the 92nd Street Y and the board of trustees of the Central Park Conservancy. Mr. Steinhardt received a B.S. in Economics from St. Lawrence University and an M.B.A. from Columbia University.

Mr. Steinhardt brings substantial leadership experience at a number of financial institutions and extensive experience in the financial markets that we serve. Mr. Steinhardt also has a deep knowledge and understanding of the requirements of operating in a highly regulated industry.

**James J. Sullivan** James J. Sullivan (57) is retired. Mr. Sullivan was the Executive Chairman of Prudential Fixed Income and Head of the Global Institutional Relationship Group for PGIM, the asset management business of Prudential, from January 2016 to December 2016. Prior to assuming that role, Mr. Sullivan was Senior Managing Director and Head of Fixed Income at Prudential Investment Management, a global investment management firm, a position he held since 1999. Mr. Sullivan joined Prudential in 1981 and has extensive experience in managing fixed income bond portfolios for insurance, pension, and mutual fund clients. Mr. Sullivan received both a B.A. and an M.B.A. from Iona College.

Mr. Sullivan brings extensive buy-side experience in the financial services industry, specifically in the fixed-income markets that we serve, and a deep knowledge and understanding of the issues faced by the institutional investors who operate in those markets.

## CORPORATE GOVERNANCE AND BOARD MATTERS

### Director independence

The Board of Directors has determined that each of our current directors, other than Mr. McVey, currently meet the independence requirements contained in the NASDAQ listing standards and applicable tax and securities rules and regulations. None of these non-employee directors has a relationship with the Company or its subsidiaries that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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 controlling shareholder 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 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.

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 and the Compensation Committee each satisfy standards established by the SEC and the NASDAQ listing rules providing that to qualify as “independent” for purposes of membership on the Audit Committee or the Compensation Committee, members of such 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 has 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 2014 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 the 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 relationship of certain of our directors who are or, for a portion of the past three years, were senior employees of broker-dealer and institutional investor clients. In addition, the Board considered that Mr. Hernandez is the Head of Global Banking at JPMorgan Chase & Co., which accounted for approximately 5% of the Company’s consolidated gross revenue for 2016, and is the administrative agent and sole lender under our credit agreement, provides cash and investment management services to the Company and operates our share repurchase program.



We do not have a director tenure requirement, as we believe our efforts to regularly refresh the Board with new directors, as well as natural turnover, has achieved the appropriate balance between maintaining longer-term directors with deep institutional knowledge and new directors who bring new perspectives and diversity to our Board. Notwithstanding this belief and the fact that our corporate governance guidelines and NASDAQ Global Select Market rules do not deem long-tenured directors to be non-independent, our Board reviews director tenure in connection with its director independence determinations.

How nominees to our Board are selected

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

The Nominating and Corporate Governance Committee will give due consideration to candidates recommended by stockholders. Stockholders may recommend candidates for the Nominating and Corporate Governance Committee's consideration by submitting such recommendations directly to the Nominating and Corporate Governance Committee as described below under Communicating with our Board members. In making recommendations, stockholders should be mindful of the discussion of minimum

qualifications set forth above under Qualifications for director nominees. However, just because a recommended individual meets the minimum qualification standards does not imply that the Nominating and Corporate Governance Committee will necessarily nominate the person so recommended by a stockholder. The Nominating and Corporate Governance Committee may also engage outside search firms to assist in identifying or evaluating potential nominees. Mr. Ketchum was recommended to the Nominating and Corporate Governance Committee of the Board of Directors by the Company's Chief Executive Officer ("CEO").

#### Board leadership structure

Our CEO also serves as the Chairman of the Board (the "Chairman"), and we have a Lead Independent Director who is responsible, among other things, for consulting with the Chairman regarding the agenda for each Board meeting and coordinating the activities of the non-employee directors, including presiding over the executive sessions of non-employee directors. We believe that this structure is appropriate for the Company because it allows one person to speak for and lead the Company and the Board, while also providing for effective oversight by an independent Board through a Lead Independent Director. Our CEO, as the individual with primary responsibility for managing the Company's strategic direction and day-to-day operations, is in the best position to provide Board leadership that is aligned with our stockholders' interests as well as the Company's needs. Our overall corporate governance policies and practices, combined with the strength of our independent directors, minimize any potential conflicts that may result from combining the roles of CEO and Chairman.

Mr. Casper currently serves as the Lead Independent Director. The full Board, by majority vote, elects the Lead Independent Director.

The Board has established other structural safeguards that serve to preserve the Board's independent oversight of management. First, the Board is comprised almost entirely of independent directors who are highly qualified and experienced, and who exercise a strong, independent oversight function. The Board's Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and Risk Committee are comprised entirely of, and are chaired by, independent directors. Second, independent oversight of our CEO's performance is provided through a number of Board and committee processes and procedures, including regular executive sessions of non-employee directors and annual evaluations of our CEO's performance against pre-determined goals. The Board believes that these safeguards preserve the Board's independent oversight of management and provide a balance between the authority of those who oversee the Company and those who manage it on a day-to-day basis.

#### 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), Begleiter, Cruger and Hersch. 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. Gomach and Mr. Cruger are Audit Committee financial experts, as defined by SEC guidelines and as required by the applicable NASDAQ listing standards. For information regarding the experience and qualifications of our Audit Committee financial experts, see the information in this Proxy Statement under the section heading Proposal 1 — Election of Directors — Director information.

The Compensation Committee of the Board of Directors recommends, reviews and oversees the salaries, benefits and equity incentive 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), Begleiter and Hersch. 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 Compensation Committee may form subcommittees and delegate authority to such subcommittees or individuals as it deems appropriate.

The Nominating and Corporate Governance Committee of the Board of Directors selects nominees for director positions to be recommended by our Board of Directors for election as directors and for any vacancies in such positions, develops and recommends for our Board of Directors the Corporate Governance Guidelines of the Company and oversees the annual review of the performance of the Board of Directors, each director and each committee. The Nominating and Corporate Governance Committee currently consists of Mr. Cruger (Chair), Mr. Casper and Ms. Chwick. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is an independent director in accordance with NASDAQ listing standards.

The Risk Committee assists the Board with its oversight of the Company’s risk management activities, with particular responsibility for overseeing designated areas of risk that are not the primary responsibility of another committee of the Board or

retained for the Board's direct oversight. Items delegated to the Risk Committee by the Board include technology risk, credit risk and regulatory risk. The Risk Committee currently consists of Ms. Chwick (Chair), Mr. Casper and Mr. Sullivan.

The Investment Committee assists the Board in monitoring whether the Company has adopted and adheres to a rational and prudent investment and capital management policy; whether management's investment and capital management actions are consistent with attainment of the Company's investment policy, financial objectives and business goals; the Company's compliance with legal and regulatory requirements pertaining to investment and capital management; the competence, performance and compensation of the Company's external money managers; and such other matters as the Board or Investment Committee deems appropriate. The Investment Committee currently consists of Messrs. Steinhardt (Chair), Hernandez and Sullivan.

#### Meetings and attendance

The following table sets forth chairs and membership structure of the Board and each standing Board committee, and the number of Board and Board committee meetings held during 2016.

(1) The Audit and Risk Committees held five and four meetings, respectively, plus two joint Audit and Risk Committee meetings.

The non-management directors met in executive session without management directors or employees at each of the meetings of the Board during 2016. We expect each director to attend each meeting of the full Board and of the committees on which he or she 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 and nine of ten directors attended our 2016 annual meeting of stockholders (not counting Mr. Ketchum who was not a director at the time of our 2016 annual meeting).

#### Board involvement in risk oversight

The Company's management is responsible for defining the various risks facing the Company, formulating risk management policies and procedures, and managing the Company's risk exposures on a day-to-day basis. The Board's responsibility is to monitor the Company's risk management processes by informing itself of the Company's material risks and evaluating whether management has reasonable controls in place to address the material risks. The Board is not responsible, however, for defining or managing the Company's various risks.

The Board of Directors monitors management's responsibility for risk oversight through regular reports from management to the Risk and Audit Committees and the full Board. Furthermore, the Risk and Audit Committees report on the matters discussed at the committee level to the full Board. The Risk and Audit Committees and the full Board focus on the material risks facing the Company, including strategic, operational, market, technology, credit, liquidity, legal and regulatory risks, to assess whether management has reasonable controls in place to address these risks. In addition, the Compensation Committee is charged with reviewing and discussing with management whether the Company's compensation arrangements are consistent with effective controls and sound risk management. Finally, risk management is a factor that the Board and the Nominating and Corporate Governance Committee consider when determining who to nominate for election as a director of the Company and which directors serve on the Risk and Audit Committees. The Board believes this division of responsibilities provides an effective and efficient approach for addressing risk management.



The Company's Global Management Team assists management's efforts to assess and manage risk. The Global Management Team is chaired by the CEO and is comprised of the Company's senior managers with global oversight. The Global Management Team assesses the Company's business strategies and plans and insures that appropriate policies and procedures are in place for identifying, evaluating, monitoring, managing and measuring significant risks. The Chief Risk Officer regularly prepares updates and reports for the Global Management Team, Board Risk Committee and the Board of Directors.

#### 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 CEO and Senior Financial Officers, which includes Mr. DeLise, our Chief Financial Officer. Both the Code of Conduct and the Code of Ethics for the CEO and Senior Financial Officers, as well as any amendments to, or waivers under, the Code of Ethics for the CEO and Senior Financial Officers, can be accessed in the Investor Relations — Corporate Governance — Overview section of our website at [www.marketaxess.com](http://www.marketaxess.com).

You may also obtain a copy of these documents by writing to MarketAxess Holdings Inc., 299 Park Avenue, 10th Floor, New York, New York 10171, Attention: Investor Relations.

Copies of the charters of our Board's Audit Committee, Compensation Committee, Investment Committee, Risk Committee and Nominating and Corporate Governance Committee, as well as a copy of the Company's Corporate Governance Guidelines, can be accessed in the Investor Relations — 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, 299 Park Avenue, 10th Floor, New York, New York 10171. The General Counsel will receive the correspondence and forward it to the Chairman of the Board and the Lead Independent Director, 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 299 Park Avenue, 10th Floor, New York, New York 10171, or electronically, at our corporate website, [www.marketaxess.com](http://www.marketaxess.com) under the heading Investor Relations — Corporate Governance — Overview, by clicking the Confidential Ethics Web Form link.

#### Director compensation

The Compensation Committee of the Board of Directors has retained the services of Grahall LLC ("Grahall") as its independent compensation consultant. Grahall reports directly to the Compensation Committee in its role and has conducted an annual review of director compensation levels and a bi-annual review of director pay structure and practices, and in each event, shares the results of those reviews with the Compensation Committee. The Compensation Committee then submits any proposed changes in pay level or program structure to the full Board for its consideration, and if appropriate, approval.

Grahall reviews and recommends compensation structure and adjustments based on the board compensation of the following:

- Proxy peer group (updated in 2015)

- Fluctuations in board compensation of the proxy peer group

- ISS peer group (updated by ISS annually)

- Industry data sources, including the National Association of Corporate Directors

All directors, other than Mr. McVey, are regarded as non-employee directors. Mr. McVey receives no additional compensation for his service as a director.

In 2016, we made the following changes to our Director compensation program:

- increased the annual cash retainer payable to each non-employee director from \$70,000 to \$75,000;
- raised the annual equity retainer value from \$95,000 to \$100,000; and
- increased the Chair retainer for the Risk Committee from \$10,000 to \$15,000.

We believe that these increases are appropriate given the market data and result in a cash/equity mix that is consistent with market practice and desirable to ensure the alignment of the long-term financial interests of our non-employee directors with those of our stockholders.

A summary of the structure of our Director pay program is as follows:

Pay Structure: Director Compensation		
	Cash (\$)	Restricted Stock (\$)
Annual Retainer	75,000	100,000
Audit Chair	20,000	—
Compensation Committee Chair	15,000	—
Risk Committee Chair	15,000	—
Other Chair	10,000	—
Meeting Fees - Board	1,000	—
Meeting Fees - Committee	1,000	—
Lead Independent Director (1)	20,000	20,000

(1) The Lead Independent Director has the choice to receive the \$40,000 retainer as 100% cash or 50% cash and 50% equity. For 2016, the Lead Independent Director chose the cash / equity alternative.

In August 2016, we granted 636 shares of restricted stock to each non-employee director. The vesting schedule is tied to the term of the non-employee director: one-half of the award vested on November 30, 2016 and the balance is scheduled to vest on May 31, 2017. The number of shares of restricted stock granted was determined on the grant date by dividing the equity grant value of \$100,000 by \$157.16, the average of the closing price of our Common Stock for the ten trading days up to and including the grant date. We expect to continue to compensate our non-employee directors with a combination of cash and equity awards. All equity awards to non-employee directors are made under the Company's 2012 Incentive Plan.



Below is a summary of the amount and form of actual compensation received by each non-employee director in 2016:

Director Compensation for Fiscal 2016				
Name	Fees Earned		All Other	Total
	or Paid in	Stock Awards	Compensation	
	Cash (\$)	(\$)(1)(2)	(\$)(3)	(\$)
Stephen P. Casper, Lead Independent Director	105,250	123,408	714	229,372
Steven L. Begleiter	80,250	102,867	612	183,729
Jane Chwick	98,500	102,867	165	201,532
William F. Cruger	88,750	102,867	165	191,782
David G. Gomach	103,250	102,867	612	206,729
Carlos M. Hernandez	79,250	102,867	612	182,729
Ronald M. Hersch	93,750	102,867	612	197,229
John Steinhardt	106,250	102,867	612	209,729
James J. Sullivan	85,250	102,867	612	188,729

(1) The amounts represent the aggregate grant date fair value of stock awards granted by the Company in 2016, computed in accordance with FASB ASC Topic 718. For further information on how we account for stock-based compensation, see Note 9 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 21, 2017.

(2) The table below sets forth information regarding the aggregate number of stock awards and the aggregate number of option awards outstanding at the end of fiscal year 2016 for each non-employee director. All options are vested.

Equity Awards Outstanding		
	Aggregate Number	Aggregate Number
	of Stock Awards	of Option Awards
	Outstanding at	Outstanding at
	Fiscal Year End	Fiscal Year End
	(#)	(#)
Stephen P. Casper, Lead Independent Director	430	9,912
Steven L. Begleiter	318	—
Jane Chwick	318	—
William F. Cruger	318	—
David G. Gomach	318	9,912
Carlos M. Hernandez	318	3,187

Ronald M. Hersch	318	7,412
John Steinhardt	318	9,912
James J. Sullivan	318	—

(3) Represents dividends paid during fiscal year 2016 upon the vesting of restricted stock. Ms. Chwick and Mr. Cruger elected to defer receipt of the equity award to which dividends relate; therefore, related dividends of \$447.12 each were not paid.

#### Share Ownership & Holding Guidelines

To better align the interests of non-employee directors and stockholders, the Board of Directors has adopted stock ownership guidelines for our non-employee directors. In April 2016, the Board increased the holding requirement to require that non-employee directors hold not less than 1,813 shares, which represents the number of shares of Common Stock equal in value to three times the annual base cash retainer payable to a director, or \$225,000, calculated using a price of \$124.08 per share, which was the average of the closing price of our Common Stock for the ten trading days up to and including the date the general ownership guidelines were last updated. The guideline must be achieved within five years after the director has become a Board member and maintained throughout the non-employee director's service with the Company. All shares of Common Stock beneficially owned by the director, including shares purchased and held personally, vested and unvested restricted shares, vested and unvested restricted stock units, settled performance shares, and shares deferred under a non-qualified deferred compensation arrangement, count toward the minimum ownership requirement. Vested and unvested stock options and unearned performance shares are excluded.

In addition to the ownership guidelines, all non-employee directors must hold all shares granted for service for a minimum of five years from the date of grant, and a non-employee director must hold no less than 50% of the total number of shares granted for service until they retire from the Board. Directors are also required, for a period of six months following his or her departure from the Board, to comply with the provisions of the Company's Insider Trading Policy that, among other things, prohibit trading in the Company's securities during specified blackout periods.

All of our non-employee directors have either achieved the designated level of ownership or are in the five-year period following their appointment or election to the Board during which they are expected to achieve compliance:

Directors' Stock Ownership			
Name	Appointed	Multiple of Cash Retainer	
		Requirement	Current Holdings
Stephen P. Casper, Lead Independent Director	April 2004	3x	82x
Steven L. Begleiter	April 2012	3x	12x
Jane Chwick	October 2013	3x	7x
William F. Cruger	November 2013	3x	7x
David G. Gomach	February 2005	3x	42x
Carlos M. Hernandez	February 2006	3x	32x
Ronald M. Hersch	July 2000	3x	58x
Richard Ketchum	April 2017	3x	0x
John Steinhardt	April 2000	3x	38x
James J. Sullivan	March 2012	3x	12x

Our equity plan provides for the accrual of dividends (or dividend equivalents) on unvested shares. However, dividends are not paid and are subject to forfeiture until all restrictions on the shares have lapsed.

We do not provide any retirement benefits or other perquisites to our non-employee directors.

## 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, 2017, 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, 2017. Approval of this proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Common Stock present in person or represented by proxy and entitled to vote on the proposal.

### Board recommendation

**THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” RATIFICATION OF PWC AS THE COMPANY’S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2017.**

### 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, will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from stockholders.

In 2011, the Company, in the ordinary course of its business, entered into a bulk data agreement with PwC for the purpose of supporting valuation conclusions reached by PwC in the normal course of PwC’s audit and other work for its clients. Pursuant to the agreement, the Company provides bond pricing data to PwC on terms consistent with the terms of similar data sales agreements entered into by the Company. The aggregate annual revenue to the Company from the data agreement is \$235,000. On an annual basis, the Audit Committee evaluates the effect of such agreement on the independence of PwC and has concurred with the opinion of the Company’s management and PwC that the arrangement constitutes an “arm’s-length” transaction that would not affect PwC’s independence.

### 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, 2016 and 2015 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, audit-related, tax and other services rendered by PwC to the Company or its subsidiaries. The Audit Committee has authorized the CEO and the Chief Financial Officer to 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 aggregate limit of \$20,000 for all such services.

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; and (ii) 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.

Set forth below is information regarding fees paid by the Company to PwC during the fiscal years ended December 31, 2016 and 2015.

Fee Category	2016	2015
Audit Fees(1)	\$ 1,666,450	\$ 1,312,790
All Other Fees(2)	3,593	74,343
Total	\$ 1,670,043	\$ 1,387,133

(1) The aggregate fees incurred include amounts for the audit of the Company's consolidated financial statements (including fees for the audit of our internal controls over financial reporting) and the audit of our broker-dealer subsidiaries' annual financial statements.

(2) Other Fees are comprised of advisory fees in connection with regulatory matters, the adoption of International Financial Reporting Standards and annual subscription fees for accounting related research.

## REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee currently consists of Mr. Gomach (Chair), Mr. Begleiter, Mr. Cruger and Mr. Hersch. Each member of the Audit Committee is independent, as independence is defined for purposes of Audit Committee membership by the listing standards of NASDAQ and the applicable rules and regulations of the SEC. The Board has determined that each member of the Audit Committee is financially literate, in other words, is able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement, as required by NASDAQ rules. In addition, the Board has determined that Mr. Gomach and Mr. Cruger satisfy the NASDAQ rule requiring that at least one member of our Board's Audit Committee have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background that results in the member's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Board has also determined that Mr. Gomach and Mr. Cruger are "financial experts" as defined by the SEC.

The Audit Committee appoints our independent registered public accounting firm, reviews the plan for and the results of the independent audit, approves the fees of our independent registered public accounting firm, reviews with management and the independent registered public accounting firm our quarterly and annual financial statements and our internal accounting, financial and disclosure controls, reviews and approves transactions between the Company and its officers, directors and affiliates, and performs other duties and responsibilities as set forth in a charter approved by the Board of Directors. A copy of the Audit Committee charter is available in the Investor Relations — Corporate Governance — Overview section of the Company's website.

During fiscal year 2016, the Audit Committee met five times. The Company's senior financial management and independent registered public accounting firm were in attendance at such meetings. Following each quarterly meeting during 2016, the Audit Committee conducted a private session with the independent registered public accounting firm, without the presence of management. The Audit Committee also met jointly with the Risk Committee two times during 2016.

The management of the Company is responsible for the preparation and integrity of the financial reporting information and related systems of internal controls. The Audit Committee, in carrying out its role, relies on the Company's senior management, including particularly its senior financial management, to prepare financial statements with integrity and objectivity and in accordance with generally accepted accounting principles, and relies upon the Company's independent registered public accounting firm to review or audit, as applicable, such financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB").

We have reviewed and discussed with senior management the Company's audited financial statements for the year ended December 31, 2016 which are included in the Company's 2016 Annual Report on Form 10-K. Management has confirmed to us that such financial statements (i) have been prepared with integrity and objectivity and are the responsibility of management and (ii) have been prepared in conformity with generally accepted accounting principles.

In discharging our oversight responsibility as to the audit process, we have discussed with PwC, the Company's independent registered public accounting firm, the matters required to be discussed by PCAOB AS 1301 Communication with Audit Committees, as currently in effect, which requires our independent registered public accounting firm to provide us with additional information regarding the scope and results of their audit of the Company's financial statements, including: (i) their responsibilities under generally accepted auditing standards, (ii) significant accounting policies, (iii) management judgments and estimates, (iv) any significant accounting adjustments, (v) any disagreements with management and (vi) any difficulties encountered in performing the audit.

We have received the written disclosures and the letter from PwC required by applicable requirements of the PCAOB regarding PwC's communications with us concerning independence, and have discussed with PwC their independence.

Based upon the foregoing review and discussions with our independent registered public accounting firm and senior management of the Company, we have recommended to our Board that the financial statements prepared by the Company's management and audited by its independent registered public accounting firm be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, for filing with the SEC. The Committee also has appointed PwC as the Company's independent registered public accounting firm for the year ending December 31, 2017.



As specified in its Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. These are the responsibilities of the Company's management and independent registered public accounting firm. In discharging our duties as a Committee, we have relied on (i) management's representations to us that the financial statements prepared by management have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles and (ii) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Submitted by the Audit Committee of the  
Board of Directors:

David G. Gomach — Chair  
Steven L. Begleiter  
William F. Cruger  
Ronald M. Hersch

### PROPOSAL 3 — ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934 (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act and the related rules of the SEC (the “Dodd-Frank Act”)), the Company is providing its stockholders the opportunity to cast an advisory vote on the compensation of its named executive officers. This proposal, commonly known as a “say-on-pay” proposal, gives the Company’s stockholders the opportunity to express their views on the named executive officers’ compensation. We will include an advisory vote on executive compensation on an annual basis at least until the next shareholder advisory vote on the frequency of such votes.

As described in detail in the Compensation Discussion and Analysis below, the Company’s named executive officer compensation program is designed to attract, reward and retain the caliber of officers needed to ensure the Company’s continued growth and profitability. The primary objectives of the program are to:

- align and reward Company and individual performance and decision-making with stockholder value creation and prudent risk management;
- drive long-term growth objectives, thereby creating long-term value for our stockholders; and
- provide rewards that are cost-efficient, equitable to our named executive officers and stockholders, and competitive with organizations that compete for executives with similar skill sets, thereby encouraging high-potential individuals with significant and unique market experience to build a career at the Company.

The Company seeks to accomplish these goals in a manner that is aligned with the long-term interests of the Company’s stockholders. The Company believes that its named executive officer compensation program achieves this goal with its emphasis on long-term equity awards and performance-based compensation, in addition to short-term (annual) incentive awards, specifically cash incentives, which has enabled the Company to successfully motivate and reward its named executive officers. The Company believes that its ability to retain its current high-performing team of seasoned executive officers is critical to its continuing financial success and that its focus on the long-term interests of its named executive officers aligns with the interests of its stockholders.

For these reasons, the Board recommends a vote in favor of the following resolution:

“RESOLVED, that the compensation paid to the Company’s named executive officers, as disclosed in the Company’s proxy statement for the 2017 Annual Meeting, pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.”

As an advisory vote, this proposal is not binding upon the Company, our Board or our Compensation Committee. Notwithstanding the advisory nature of this vote, our Board and the Compensation Committee, which is responsible for designing and administering the Company’s named executive officer compensation program, value the opinions expressed by stockholders in their vote on this proposal, and will consider the outcome of the vote when making future compensation decisions for named executive officers. The affirmative vote of the holders of a majority of the outstanding shares of Common Stock present in person or represented by proxy and entitled to vote is required to approve this Proposal 3.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY’S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.



PROPOSAL 4 — ADVISORY VOTE ON FREQUENCY OF SAY-ON-PAY VOTE

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934 (which was added by the Dodd-Frank Act), the Company is seeking the input of its stockholders on the frequency with which it will hold a non-binding, advisory vote on the compensation of its named executive officers (commonly known as a “frequency of say-on-pay” proposal). In voting on this Proposal 4, stockholders are provided with four choices. Stockholders may indicate their preference as to whether the advisory vote on the compensation of the Company’s named executive officers should occur (i) once every year, (ii) once every two years, or (iii) once every three years; or the stockholders may abstain from voting on this Proposal 4.

After careful consideration, it is the opinion of the Board of Directors that the frequency of the stockholder vote on the compensation of the Company’s named executive officers should be once per year. The Board of Directors recommends an annual advisory vote because an annual vote will allow stockholders to provide direct input on the Company’s compensation policies and practices, and the resulting compensation for the named executive officers, every year. Stockholders would have the opportunity to consider the Company’s most recent compensation decisions in the context of its pay for performance philosophy and focus on increasing long-term stockholder value, and to provide feedback to the Company in a timely way.

While the Board recommends an annual vote, stockholders are not voting to approve or disapprove of the Board’s recommendation. Rather, stockholders are being provided with the opportunity to cast an advisory vote, via the enclosed proxy card, on whether the stockholder advisory vote on named executive officer compensation should occur (i) once every year, (ii) once every two years, or (iii) once every three years, or to abstain from voting on the matter.

As an advisory vote, this proposal is not binding on the Company. Notwithstanding the advisory nature of this vote, the Board of Directors values the opinions expressed by stockholders in their vote on this proposal, and will consider the outcome of the vote when making a determination as to the frequency of future advisory votes on executive compensation. The alternative (every year, every two years or every three years) receiving the majority of the shares present in person or represented by proxy will be the frequency that stockholders approve. If no alternative receives a majority vote, then the majority that receives the greatest number of votes will be the frequency that stockholders approve.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR A FREQUENCY OF SAY-ON-PAY VOTE OF ONCE PER YEAR.**



## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of April 11, 2017 by (i) each person or group of persons known by us to beneficially own more than five percent of our Common Stock, (ii) each of our named executive officers, (iii) each of our directors and nominees for director and (iv) all of our directors and executive officers as a group.

The following table gives effect to the shares of Common Stock issuable within 60 days of April 11, 2017 upon the exercise of all options and other rights beneficially owned by the indicated stockholders on that date. Beneficial ownership is determined in accordance with Rule 13d-3 promulgated under Section 13 of the Securities Exchange Act of 1934, as amended, and includes voting and investment power with respect to shares. Percentage of beneficial ownership is based on 37,088,070 shares of Common Stock outstanding at the close of business on April 11, 2017. Except as otherwise noted below, each person or entity named in the following table has sole voting and investment power with respect to all shares of our Common Stock that he, she or it beneficially owns.

Unless otherwise indicated, the address of each beneficial owner listed below is c/o MarketAxess Holdings Inc., 299 Park Avenue, 10th Floor, New York, New York 10171.

	Number of		
	Shares	Percentage	
	Beneficially	of Stock	
	Owned	Owned	
<b>5% Stockholders</b>			
BlackRock, Inc. (1)	2,849,720	7.68	%
The Vanguard Group (2)	2,720,830	7.34	%
Ballie Gifford & Co (3)	2,657,408	7.17	%
<b>Named Executive Officers and Directors</b>			
Richard M. McVey (4)	1,231,883	3.28	%
Steven Begleiter (5)	7,213	*	
Stephen P. Casper (6)	57,780	*	
Jane Chwick (7)	3,227	*	
William F. Cruger (8)	3,214	*	
David G. Gomach (9)	32,889	*	
Carlos M. Hernandez (10)	22,550	*	
Ronald M. Hersch (11)	34,981	*	
Richard Ketchum	—	*	
John Steinhardt (12)	30,508	*	
James Sullivan (13)	7,392	*	
Antonio L. DeLise (14)	22,407	*	
Nicholas Themelis (15)	57,774	*	
All Executive Officers and Directors as a Group (14 persons)(16)	1,511,818	4.02	%

\*Less than 1%.

- (1) Information regarding the number of shares beneficially owned by BlackRock, Inc. was obtained from a Schedule 13G filed by BlackRock, Inc. with the SEC. The principal business address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10022.
- (2) Information regarding the number of shares beneficially owned by The Vanguard Group was obtained from a Schedule 13G filed by The Vanguard Group with the SEC. The principal business address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (3) Information regarding the number of shares beneficially owned by Ballie Gifford & Co was obtained from a Schedule 13G filed by Ballie Gifford & Co with the SEC. The principal business address of Ballie Gifford & Co is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK.
- (4) Consists of (i) 570,919 shares of Common Stock owned individually; (ii) 144,475 shares of unvested restricted stock; and (iii) 516,489 shares of Common Stock issuable pursuant to stock options granted to Mr. McVey that are or become exercisable within 60 days. Does not include (i) 162,978 shares of Common Stock issuable pursuant to stock options that are not exercisable within 60 days or (ii) 347,450 restricted stock units that are unvested and deferred restricted stock units or (iii) 8,296 performance shares.
- (5) Consists of (i) 6,895 shares of Common Stock owned individually; and (ii) 318 shares of unvested restricted stock.
- (6) Consists of (i) 47,486 shares of Common Stock owned individually; (ii) 382 shares of unvested restricted stock; and (iii) 9,912 shares of Common Stock issuable pursuant to stock options that are or become exercisable within 60 days.
- (7) Consists of (i) 2,909 shares of Common Stock owned individually; and (ii) 318 shares of unvested restricted stock. Does not include 972 deferred restricted stock units.
- (8) Consists of (i) 2,896 shares of Common Stock owned individually; and (ii) 318 shares of unvested restricted stock. Does not include 972 deferred restricted stock units.

- (9) Consists of (i) 25,159 shares of Common Stock owned individually; (ii) 318 shares of unvested restricted stock; and (iii) 7,412 shares of Common Stock issuable pursuant to stock options that are or become exercisable within 60 days. All shares of Common Stock, other than unvested restricted stock, are held indirectly in a trust for which Mr. Gomach is trustee.
- (10) Consists of (i) 19,045 shares of Common Stock owned individually; (ii) 318 shares of unvested restricted stock; and (iii) 3,187 shares of Common Stock issuable pursuant to stock options that are or become exercisable within 60 days.
- (11) Consists of (i) 34,663 shares of Common Stock owned individually; and (ii) 318 shares of unvested restricted stock.
- (12) Consists of (i) 22,778 shares of Common Stock owned individually; (ii) 318 shares of unvested restricted stock; and (iii) 7,412 shares of Common Stock issuable pursuant to stock options that are or become exercisable within 60 days.
- (13) Consists of (i) 7,074 shares of Common Stock owned individually; and (ii) 318 shares of unvested restricted stock.
- (14) Consists of (i) 21,193 shares of Common Stock; and (ii) 1,214 shares of unvested restricted stock. Does not include (i) 18,941 shares of Common Stock issuable pursuant to stock options that are not exercisable within 60 days or (ii) 28,169 restricted stock units that are unvested and deferred restricted stock units or (ii) 7,704 performance shares.
- (15) Consists of (i) 43,395 shares of Common Stock owned in joint tenancy with his spouse; (ii) 4,783 shares of unvested restricted stock; and (iii) 9,596 shares of Common Stock issuable pursuant to stock options that are or become exercisable within 60 days. Does not include (i) 30,695 shares of Common Stock issuable pursuant to stock options that are not exercisable within 60 days or (ii) 13,989 restricted stock units that are unvested or (iii) 12,851 performance shares.
- (16) Consists of (i) 804,412 shares of Common Stock; (ii) 153,398 shares of unvested restricted stock; and (iii) 554,008 shares of Common Stock issuable pursuant to stock options that are or become exercisable within 60 days. Does not include (i) 212,614 shares of Common Stock issuable pursuant to stock options that are not exercisable within 60 days; (ii) 391,552 restricted stock units that are unvested and deferred restricted stock units or (iii) 28,851 performance shares that are unvested.



## EXECUTIVE OFFICERS

Set forth below is information concerning our executive officers as of April 11, 2017.

Name	Age	Position
Richard M. McVey	57	Chief Executive Officer and Chairman of the Board of Directors
Antonio L. DeLise	55	Chief Financial Officer
Christophe Roupie	51	Head of Europe and Asia
Nicholas Themelis	53	Chief Information Officer

Richard M. McVey has been Chief Executive Officer and Chairman of our Board of Directors since our inception. See Proposal 1 — Election of Directors — Director information for a discussion of Mr. McVey's business experience.

Antonio L. DeLise has been Chief Financial Officer since March 2010. From July 2006 until March 2010, Mr. DeLise was the Company's Head of Finance and Accounting, where he was responsible for financial regulatory compliance and oversight of all controllership and accounting functions. Prior to joining us, Mr. DeLise was Chief Financial Officer of PubliCard, Inc., a designer of smart card solutions for educational and corporate sites, from April 1995 to July 2006. Mr. DeLise also served as Chief Executive Officer of PubliCard from August 2002 to July 2006, President of PubliCard from February 2002 to July 2006, and a director of PubliCard from July 2001 to July 2006. Prior to PubliCard, Mr. DeLise was employed as a senior manager with the firm of Arthur Andersen LLP from July 1983 through March 1995.

Christophe Roupie has been Head of Europe and Asia since March 2017. Prior to joining us, from October 2015 until October 2016, Mr. Roupie ran a family office as CEO of HiRock AG. From May 2005 to October 2015, Mr. Roupie was Global Head of Trading and Securities Financing at AXA Investment Managers. While at AXA Investment Managers, he managed trading teams in Paris, London, Hong Kong and Greenwich, Connecticut across equities, fixed income, FX, derivatives, repo and stock lending. Prior to this, Mr. Roupie was the Global Head of Fixed Income Trading at IXIS AM (now Natixis Asset Management) from October 2000 to March 2005.

Nicholas Themelis has been Chief Information Officer since March 2005. From June 2004 through February 2005, Mr. Themelis was the Company's Head of Technology and Product Delivery. From March 2004 to June 2004, Mr. Themelis was the Company's Head of Product Delivery. Prior to joining us, Mr. Themelis was a Principal at Promontory Group, an investment and advisory firm focused on the financial services sector, from November 2003 to March 2004. From March 2001 to August 2003, Mr. Themelis was a Managing Director, Chief Information Officer for North America and Global Head of Fixed-Income Technology at Barclays Capital. From March 2000 to March 2001, Mr. Themelis was the Chief Technology Officer and a member of the board of directors of AuthentiDate Holdings Corp., a start-up focused on developing leading-edge content and encryption technology. Prior to his tenure at AuthentiDate, Mr. Themelis spent nine years with Lehman Brothers, ultimately as Senior Vice President and Global Head of the E-Commerce Technology Group.

## COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis (“CD&A”) explains our pay for performance methodology, describes and analyzes our compensation programs and practices, and details the specific amounts of compensation paid for fiscal year 2016 to our named executive officers. Our named executive officers for fiscal year 2016 were Mr. McVey, our Chief Executive Officer (“CEO”) and Chairman of the Board, Mr. DeLise, our Chief Financial Officer (“CFO”), and Mr. Themelis, our Chief Information Officer (“CIO”, and collectively with the CEO and CFO, the “NEOs”).

## Executive Summary

## Financial Performance

A significant portion of each NEO’s compensation is dependent on our financial performance. The following chart provides a summary of our key financial performance metrics used to determine compensation. Each of the financial metrics below reflects record results for 2016:

Key Financial Metrics			
	2016	2015	Change
Revenues (in millions)	\$369.9	\$303.1	22.0%
Operating Income (in millions)	\$191.6	\$147.9	29.5%
Diluted EPS	\$3.34	\$2.55	31.0%
Year-End Stock Price	\$146.92	\$111.59	31.7%
Trading Volume (in billions)	\$1,300.0	\$978.5	32.9%
Estimated Adjusted U.S. High Grade Market Share (1)	16.0 %	14.6 %	9.6%

(1) We adjusted the reported U.S. high-grade TRACE volumes to eliminate the increased reporting of affiliate back-to-back trades by certain broker-dealers that occurred from April 2014 through October 2015 because we believe that the TRACE volumes, as adjusted by us, provide a more accurate comparison to prior period reporting. We have provided a reconciliation in the “Investor Relations” section of our website.

## Relative Performance

For 2016, we evaluated our year-over-year financial growth as compared to our Peer Group (as defined below under How We Determine Pay Levels – Peer Group), comprised of 20 companies. Our performance rankings for the key financial metrics were as follows:

Full Year Growth 2016 vs. 2015				
	Revenue	Operating Income	EPS	Share Price
MarketAxess	22.0%	29.5%	30.9%	32.7%
Median	5.4%	17.7%	17.2%	11.5%
MarketAxess Rank	5	7	6	3

Our share price growth as compared to the following indices for the one-, three-, and five-year periods ended December 31, 2016 was as follows:

## Share Price Growth

	MKTX Stock		Russell 2000 Stock		NASDAQ Comp. Stock		S&P 500 Stock		S&P MidCap 400 Small-Cap Stock		Dow Jones US Stock		S&P 500 Financial Sector Stock	
	Return	Alpha	Return	Alpha	Return	Alpha	Return	Alpha	Return	Alpha	Return	Alpha	Return	Alpha
1-year	32.7 %	13.2 %	19.5 %	7.5 %	25.2 %	9.5 %	23.2 %	18.7 %	14.0 %	12.6 %	14.8 %	20.1 %	12.6 %	
3-year	125.7 %	109.0 %	16.6 %	28.9 %	96.8 %	21.1 %	104.5 %	23.7 %	102.0 %	94.5 %	109.0 %	31.2 %	94.5 %	
5-year	414.0 %	330.9 %	83.2 %	106.6 %	307.4 %	78.0 %	336.0 %	88.9 %	325.1 %	293.4 %	326.6 %	120.6 %	293.4 %	

In 2016, we continued to deliver long-term value for our stockholders as evidenced by ranking 40<sup>th</sup> in five-year total shareholder return ("TSR") (approximately 98<sup>th</sup> percentile) and 14<sup>th</sup> in ten-year TSR (approximately 99<sup>th</sup> percentile) of all 2,047 U.S. public

companies with over \$1 billion in market capitalization (up from 50<sup>th</sup> and 40<sup>th</sup>, respectively, of 2,173 applicable companies in 2015, as reported by FactSet).

#### How 2016 Performance Affected Executive Compensation

The chart below shows the change in total cash and Total Direct Compensation (“TDC”) (which includes cash payments, annual equity awards and the annualized value of multi-year equity awards), by NEO (see Annual Variable Performance Awards in Cash and Total Direct Compensation below). Aggregate total cash payments to the NEOs increased by 2% in 2016 from 2015 levels while TDC increased by 3%.

As discussed below, we exceeded our internal target operating income goal in 2016. Accordingly, performance shares granted in 2016 settled at 139.2% of the targeted award amounts (see Long-Term Incentives – Equity-based Awards below).

	Base Salary			Total Cash Compensation			Total Direct Compensation		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
in ‘000’s									
McVey, CEO	\$500	\$500	0%	\$2,600	\$2,600	0%	\$7,400	\$7,400	0%
DeLise, CFO	\$300	\$300	0%	\$1,200	\$1,140	5%	\$1,900	\$1,750	9%
Themelis, CIO	\$300	\$300	0%	\$1,700	\$1,650	3%	\$2,800	\$2,650	6%
Aggregate				\$5,500	\$5,390	2%	\$12,100	\$11,800	3%

The figures in the preceding chart differ from those shown in the Summary Compensation Table in Executive Compensation, as that table reflects the full grant date value of any multi-year Performance Equity award received by the NEOs in the year actually granted, as required by the SEC.

#### Changes/Key Actions in 2016

In 2016, the following changes and key decisions were implemented with respect to our executive management and rewards structure to ensure that our executive compensation programs continue to balance the reward and retention of our NEOs with the short- and long-term interests of our stockholders:

• **Annual Incentive Design** – We increased our operating margins in 2016, in part, by reducing the percentage of annual operating income allocated to the annual cash incentive performance awards payable to our employees (the “Bonus Accrual”);

• **Multi-Year Awards for the CFO and CIO** – In January 2016, the CFO and CIO were awarded multi-year equity awards with an aggregate grant date value of \$1.8 million and \$3 million, respectively (the “NEO Multi-Year Awards”). The value of the NEO Multi-Year Awards was offset against the NEO’s respective compensation in equal installments beginning with their compensation for year-end 2015 and the four following years. The NEO Multi-Year Awards will be fully vested five years after grant (see Use of Multi-Year Equity below).

• **Enhanced Severance for the CFO and CIO** – Our Severance Pay Plan was amended to provide certain executives, excluding the CEO, with increased severance benefits in the event of a qualifying termination. These benefits include 52 weeks of continued base salary payments and healthcare, and a severance payment equal to one times the average of the annual full-year cash bonuses received by each participant for the prior three years. To receive the increased benefits, the participants agreed to provide us with not less than three months’ prior written notice in the

event of a voluntary termination.  
Action in 2017

In 2017, prior to the filing of this Proxy Statement, we expanded our executive officers. Christophe Roupie, Head of Europe and Asia, joined the Company in March 2017 and was determined to be an executive officer upon commencement of his employment. Kevin McPherson, Global Head of Sales, was determined to be an executive officer on April 19, 2017. We anticipate Messrs. Roupie and McPherson will be Named Executive Officers in our 2018 Proxy Statement.

Advisory Vote on Executive Compensation

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At our 2016 Annual Meeting of Stockholders, 97.7% of the votes present and entitled to vote on the non-binding advisory vote on executive compensation proposal were in favor of our 2015 NEO compensation as disclosed in the proxy statement for the 2016 Annual Meeting of Stockholders. In evaluating 2016 compensation for our NEOs, the Compensation Committee reviewed these final vote results and took into consideration the strong support of our stockholders for our compensation policies. Although it determined that no significant changes to our executive compensation policies were necessary, the Compensation Committee continues to review our NEO compensation program and the compensation goals set forth in the CD&A on an annual basis.

## Who Determines Compensation

### Role of the Compensation Committee

The compensation programs for our NEOs are administered by the Compensation Committee with assistance from management and our independent compensation advisors. The Compensation Committee reviews all components of remuneration and decides which elements of compensation, if any, should be adjusted or paid based on corporate and individual performance results and competitive benchmark data. The Compensation Committee's function is fully described in its charter, which is available on our corporate website at [www.marketaxess.com](http://www.marketaxess.com) under the Investor Relations – Corporate Governance caption.

In performing its duties, the Compensation Committee:

- annually reviews competitive compensation data, recent compensation trends and any other relevant market data obtained by its compensation consultant and considers the impact on our compensation architecture, policies and strategies;
- reviews all compensation, including equity holdings (both vested and unvested amounts) earned by each NEO;
- consults with the compensation consultant and full Board regarding market and performance data when considering decisions concerning the structure and amount of Mr. McVey's compensation; and
- considers the recommendations of Mr. McVey relating to performance of our NEOs (other than himself) and the recommendations of its compensation consultant relating to market data and compensation trends when considering decisions concerning the structure and amount of compensation of our NEOs.

All compensation decisions related to cash incentives or equity grants for our NEOs are determined by the Compensation Committee in conjunction with the CEO, except for his own awards, and are reviewed by the Board. Unless otherwise noted, it is implicit that the Compensation Committee determined and/or reviewed any decisions or practices described in this CD&A.

### Use of Outside Advisors

In making its determinations with respect to compensation of our NEOs, the Compensation Committee currently retains the services of Grahall as its independent compensation consultant. In this capacity, Grahall reports directly to the Compensation Committee. During 2016, Grahall provided the following services with respect to NEO compensation:

- **Pay Analysis** — Reviewed and benchmarked competitive market pay levels and conducted retention analyses with respect to 2016 compensation for our NEOs;
- **Proxy Disclosure** — Assisted in the preparation of the Company's CD&A for performance year 2015;
- **Share Ownership Guidelines** — Assisted management and the Compensation Committee in the oversight of our on-going share ownership guidelines;

Multi-Year Awards for NEOs — Provided assistance to the Compensation Committee and CEO regarding the structure and amount of the Multi-Year Awards for the CIO and CFO; and

General Advice/Compliance — Provided other compensation-related recommendations and performed other services, including providing advice regarding regulatory and advisory compliance issues and the Company’s usage of authorized shares (i.e., “burn rate”), as well as an ongoing review of our peer group composition (as discussed below in Peer Group).

In 2016, Grahall also provided services relating to the compensation of our directors as discussed above in Director Compensation.

The Compensation Committee has the sole authority to retain, terminate and set the terms of the relationship with any outside advisors who assist the Compensation Committee in carrying out its responsibilities.

#### Compensation Objectives and Strategy

Our NEO pay philosophy is tied to our belief that compensation should be performance-based, directly correlate with business results (including financial results), and attract, reward and retain the caliber of executives we need to ensure our continued growth and profitability. Additionally, alignment with stockholder returns is paramount and drives the basis for decision making for all elements of compensation.

The program's primary objectives are:

- **Alignment:** align and reward Company and individual performance and decision-making with stockholder value creation while providing for prudent risk management;
- **Value Creation:** drive long-term growth objectives, thereby creating long-term value for our stockholders; and
- **Cost-Effectiveness:** provide rewards that are cost-efficient, equitable to both our NEOs and stockholders, and competitive with organizations that compete for executives with similar skill sets. This encourages high-potential individuals with significant and unique market experience to build a career at the Company.

Both our unique internal operating characteristics as well as external competition for talent directly impact the way we attract, reward and retain key management talent:

- We are unique in the financial technology market as no other publicly traded company focuses on multi-dealer electronic trading of fixed income products. Therefore, our NEOs must be innovative as they help set the Company's direction and determine the role it plays in the financial markets.
- We are a relatively flat organization; therefore, our NEOs must have the ability to balance strategic decision making with tactical execution, and they must be able to effectively communicate with, and lead, broad teams of employees across all levels of the organization.
- We are a hybrid financial technology company whose NEOs must combine an expertise of the fixed-income securities market with the knowledge and ability to conceptualize, create, implement and deliver technology-driven market solutions. Competitors for talent include newer start-up initiatives trying to compete in our markets; traditional financial services firms, especially those investing in technology solutions; and software development firms.

In implementing the Company's compensation programs and arriving at individual pay decisions, we consider that other organizations may provide their executives with compensation elements similar to ours, but within compensation structures that may be different than ours. These structures may provide their executives with less variability in year-over-year compensation and earnings opportunities that exceed what we can afford or desire to pay.

To assess the financial impact of our compensation programs, we focus on managing our aggregate compensation and benefits expense expressed as a percentage of our total annual revenues ("C&B Ratio"). We believe that monitoring this measure improves our overall profitability. The NEOs' annual incentive payments are a component of aggregate compensation expense; therefore, we may reduce the NEOs' incentives to reduce the C&B Ratio to meet our internal annual target. Additionally, the C&B Ratio provides a normalized efficiency measure by which we can compare our compensation structure to those maintained by our peers and other financial and technology industry companies. Since 2012, our C&B Ratio has been below 30%, which we believe is an appropriate target given our current revenues, employee base and strategic plans.

We believe that continuity of the leadership team benefits the Company and our stockholders. As such, we promote long-term commitments from our NEOs. To support these objectives, we provide our NEOs with a mix of both short-term incentives (base salary and performance-based annual cash awards), long-term (three- to five-year) equity incentives, and where appropriate, contractual protection that supports a long-term commitment to the Company. Ultimately, the value realized by our NEOs from our equity incentive awards depends on several factors: our financial performance and changes in our Common Stock price, satisfaction of an award's vesting schedule, and compliance with any on-going employment or post-termination covenants. Taken together, we believe these factors help create a comprehensive scheme that reinforces our long-term performance-based orientation that is also aligned with the



interests of our stockholders.

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## Elements of Pay Table

Our executive compensation programs are comprised of the following principle elements, each of which is described in Details of the Company's Compensation Structure below:

Elements of Pay		
Component	Description	Purpose
Base Salary	Fixed pay based on role and responsibilities, experience and expertise, and individual performance	Provides a consistent minimum level of compensation that is paid throughout the year at a cost-effective level for the Company
Annual Cash Bonus	Rewards attainment of annual corporate financial goals and individual performance	Rewards short-term performance in a framework that discourages excessive risk taking by limiting maximum award opportunities
Annual Equity Awards	Reward attainment of annual corporate financial goals and individual performance; vest over three years	Designed to tie compensation to stockholder value creation
Multi-Year Equity Awards	Reward performance via awards that vest over four or more years, often with back-ended vesting	Serve as retention tools while aligning compensation to long-term stockholder value creation
Other Benefits	Include healthcare, life insurance, disability and retirement savings plans	Provide assistance with healthcare related costs and income protection in the event of disability as well as a base level of replacement pay upon retirement

The combination of these elements enables us to offer competitive, cost effective compensation programs that balance variable, or at-risk, compensation with prudent risk taking and shareholder interests.

## Pay Mix

We believe that lower base salaries and higher levels of variable performance awards motivate our NEOs, facilitate the achievement of our growth objectives and promote decision-making that is aligned with our stockholders' interests. A lower base of fixed costs (including base salary) also allows us to better manage expenses, which helps improve profitability. We also believe that the balance among pay components in our compensation program design mitigates against a focus on short-term results and decreases the potential for excessive or inappropriate risk taking (see Compensation Risk Assessment below). An overview of the elements of pay provided to each NEO for fiscal year 2016 is as follows:

## Elements of Pay

McVey, CEO    DeLise, CFO

Themelis, CIO

In 2016, all NEOs received over a third of their annual TDC in equity, which was intended to align each NEO's interests with that of our stockholders. As CEO, Mr. McVey receives the highest percentage of TDC (64%) in the form of equity compensation. Given Mr. McVey's level of ownership of the Company's Common Stock, other pay components and our strategic initiatives, we believe that Mr. McVey's significant percentage of TDC in the form of equity is both appropriate and desirable to further the alignment between him and the Company's shareholders.

## Compensation Policies and Practices

We maintain a high standard of compensation policies and practices as illustrated below:

**Compensation Policies and Practices**

What We Do	What We Avoid
√ Emphasis on performance-based compensation	X No guaranteed bonuses
√ Use of clawbacks	X No pension / SERP plans
√ Stock ownership guidelines	X No single-trigger Change in Control benefits
√ Appropriate risk management	X No §280G excise tax “Gross-Up” Benefits
√ Automatic reduction of severance payments subject to §280G excise tax	X No corporate aircraft or other excessive perquisites
	X No dividends on performance shares until earned
	X No "repricing" underwater options without Shareholder approval
	X No hedging of MarketAxess stock

**How We Determine Pay Levels**

**Peer Group**

The Company uses peer group information to help set competitive market levels and structure for our NEOs. Because our closest competitors include private firms with unpublished compensation data, we rely on a broader base of financial services and technology companies to facilitate our review.

While public peers may differ from us in terms of size (whether measured by market capitalization or annual revenues) and core business (in that none focus on providing the multi-dealer electronic trading platform for credit products that we provide), these companies are the closest matches available to us in terms of a comparable business model. Each provides technology solutions to the financial markets, and some provide electronic trading platforms similar to ours, albeit in other asset classes.

Grahall performs an ongoing review of the composition of our peer group. Factors considered in determining the peer group include:

- financial size – market cap and revenues, generally based on a methodology similar to the method used by Institutional Shareholder Services of +/- 2.5 times the Company’s most recent annual revenues and +/- 5 times the Company’s most recent market capitalization;
- whether companies compete with us for customers, executives or other employee talent;
- asset class or product offering;
- peers of peers; and
- reviewing the broader market for additional firms in financial services, IT services and software industries, based on relative revenue, market capitalization and operating income similarity.

All these factors are considered in determining which firms are most suitable for being peers (“Peer Group”).

Due to the desire to broaden the number of peers and increase the focus on our international expansion efforts, the Company has included companies not listed on U.S. exchanges, but whose business models are more similar to the Company’s than some other U.S.-based alternatives.



For the 2016 compensation period, our Peer Group was comprised of the following firms:

Peer Group						
Peers	Symbol	Client Base	Products	Revenue (\$ in millions)	Operating Income (\$ in millions)	Market Cap (\$ in millions)(1)
Alliance Bernstein Holding L.P.	AB	Institutional and Retail	Various	239	239	2,168
BGC Partners, Inc.	BGCP	Institutional	Various	2,613	137	2,684
CBOE Holdings, Inc.	CBOE	Institutional	Listed options and futures	657	298	6,538
Cohen & Steers	CNS	Institutional	Various	350	136	1,781
Fidessa Group PLC (2)(5)	FDSA-LON	Institutional	Technology Provider	410	60	1,259
Financial Engines	FNGN	Retail	Various	424	50	2,501
Gain Capital Holdings	GCAP	Institutional and Retail	FX, Metals, CFD	412	58	395
Greenhill & Co	GHL	Institutional, Corporate, Government	Various	336	91	797
Hercules Technology Growth Capital, Inc.	HTGC	Institutional	Capital / Funding	175	92	1,239
Investment Technology Group, Inc.	ITG	Institutional	Equities	469	(41)	664
KCG Holdings, Inc.	KCG	Institutional and Corporate	Various	1,454	396	1,149
Main Street Capital	MAIN	Middle Market, Small Companies	Capital / Funding	178	116	2,105
MSCI, Inc.	MSCI	Various, including Institutional	Various	1,151	488	8,851
Northstar Asset Management (6)	CLNS	Institutional	Various	399	58	7,332
Oaktree Capital Group, LLC	OAK	Institutional and Retail	Various	1,126	336	7,109
SS&C Technologies Holdings, Inc.	SSNC	Institutional	Technology Provider	1,481	289	7,098
TMX Group (3)	X:CN	Institutional	Various	598	216	2,919
Tullett Prebon plc (2)(4)(5)	TLPR-LON	Institutional	Various	1,144	164	3,135
Virtus Investment Partners, Inc.	VRTS	Institutional and Retail	Various	323	51	709
Wisdom Tree Investments, Inc.	WETF	Institutional and 401(k) Providers	Various	219	56	1,202
Reference Companies						
Interactive Brokers (7)	IBKR	Institutional	Various			

MarketAxess Holdings Inc.	MKTX	Institutional	Fixed Income	370	192	6,761
			MKTX Rank	14 of 20	8 of 20	5 of 20
			Median	418	126	2,136
			75th Percentile	1,130	251	3,986

- (1) Market Capitalization is as of the close of business on April 5, 2017
  - (2) Fidessa and Tullett Prebon are traded on the London Exchange (LON)
  - (3) TMX Group is traded on the Toronto Stock Exchange (TSE); the amounts reflect an exchange rate of \$1 US:1.33 \$CAN
  - (4) Preliminary data as reported in 2016 Annual Report - subject to revision by Tullett Prebon plc
  - (5) Amounts reflect an exchange rate of \$1.25 US:1 GBP
  - (6) Northstar was acquired in 2016 and now trades under Colony North Star (CLNS)
  - (7) Interactive Brokers is used selectively to benchmark certain applicable senior positions, but is excluded from CEO peer group and cumulative data
- Benchmarking – Importance and Process

Once the Peer Group review is completed, Grahall identifies a broader group of peers for compensation benchmarking purposes, which is accomplished by reviewing the following:

- 15 financial services companies (4020 GICS classification from Standard & Poor's) designated as our peer group by ISS for the 2016 compensation period;
  - A broader group of financial services companies within S&P's Capital Markets, Diversified Financials and Consumer Finance sub-groups; and
  - A broader group of S&P's technology companies within Software & Services and IT Services.
- The same financial parameters are used to develop the financial services and technology target groups as are used to develop our Peer Group, resulting in the composition of these additional groups changing from year-to-year.

Data from each of these groups is used in conjunction with the Peer Group data to calibrate the market pay for our NEOs. The aggregate information is used to prepare the recommended pay ranges for review and approval by the Compensation Committee. To minimize the impact of year-to-year data volatility, multiple years of data is used.

The Company's performance and C&B Ratio as well as individual performance and contributions, role, knowledge and expertise, and the level of competition that exists within the market for a given position collectively drive how the NEO is paid vis-à-vis the recommended pay range.

### Individual Performance

In assessing the performance of the NEOs, the Compensation Committee credited them with:

2016 Performance	
NEO	Contributions
McVey, CEO	<p>Leading the Company's achievement of record financial performance for the eighth consecutive year including record trading volume, revenues, operating income, and EPS</p> <p>Delivering long-term value for our stockholders as evidenced by ranking 40th in five-year TSR and 14th in ten-year TSR of all 2047 U.S. public companies with over \$1 billion in market capitalization</p> <p>Leading our international expansion resulting in approximately 60% revenue growth in Europe and a ten-fold increase in Asian trading volumes in 2016</p> <p>Leading the Company's strategy through Board discussions and executive level relationships with investor and dealer clients and executing on that strategy with the Global Management Team</p>
DeLise, CFO	<p>Implementing various systems to improve the Company's financial management activities, reporting capabilities, and risk monitoring initiatives</p> <p>Working closely with business leaders in developing and executing immediate and long-term strategic decisions, including pricing, new products and premises</p> <p>Leading the risk management function including increased risk monitoring, improved credit risk analysis and monitoring, improving the Company's SOX and internal auditing capabilities, and improving the Company's business continuity plans</p> <p>Driving the Investor Relations function, bringing transparency, accessibility and clear messaging to our stockholders and analysts</p>
Themelis, CIO	<p>Delivering major and complex functionality without compromising the stability of the trading platform</p> <p>Completion of new architecture for our Trax product resulting in a stable environment and one that can be</p>



configured to meet the upcoming demands of MiFID2

Improving the Company's cyber security programs, mitigating technology-related risks, and preparing the

Company for its ISO 27001 certification

Setting the direction and strategy to meet clients' increasing demand for technology solutions and data

Broadly advising and supporting the Company's strategy and operations across business functions

including sales, product management and risk

Pay for Performance Alignment – Realized Compensation

To assess our pay-for-performance alignment, we reviewed all compensation realized (“Realized Compensation”) by Mr. McVey relative to our TSR for the three-year period ended December 31, 2015 (the most recent period for which peer compensation data was available at the time of filing this proxy statement) against our 2015 peer group.

Realized Compensation was determined by adding the following elements together:

- Sum of three years’ base salary;
- Sum of three years’ actual annual incentive payments;
- Intrinsic (“in-the-money”) value of stock options awarded during the three-year period (using December 31, 2015 closing price);
- Value of three years’ restricted stock awards updated for December 31, 2015 closing price;
- Sum of all performance awards made during the three-year period as settled (not target); and
- Any other payments or form of wealth received by the executive as reported in the compensation table for the applicable three-year period.

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We believe the structure of our compensation program which minimizes fixed costs and emphasizes appropriate performance leverage has fairly and competitively compensated our NEOs, including Mr. McVey, for our above market performance realized during this time period and exhibited strong and stockholder-favorable alignment. The graph below compares the three-year Realized Compensation and the Company's TSR against our 2015 peer group on a percentile basis. Alignment is defined as relative pay and relative performance percentiles among the peers being within 25 percentile points of each other. The below graph reflects three different zones as indicated below.

The charts below compare Mr. McVey's TDC to the Company's Common Stock price appreciation and the performance of various indices and against operating income for the five-year period ended December 31, 2016:

CEO Pay vs. Total Shareholder Return

CEO Pay vs. Annual Operating Income

As illustrated in the above graphs, Mr. McVey's annual TDC has increased 28% during this 5-year period (representing an approximately 5% compounded annual growth rate "CAGR"), while the Company's operating income has increased almost 275% (30% CAGR) and TSR has increased over 380% (37% CAGR). During this 5-year period, over \$4 billion in shareholder value (as measured by increased market capitalization) has been created.

We believe Mr. McVey's compensation has consistently reflected our pay for performance philosophy during this period. However, because the Summary Compensation Table requires multi-year equity awards to be reported in full in the year received, our use of such awards can make an NEO's compensation appear to be volatile. The chart below illustrates and contrasts TDC levels for Mr. McVey over the past 6 years as reported in the Summary Compensation Table (pursuant to SEC rules) versus the TDC calculated by the Company as a result of annualizing multi-year equity awards:

## Tally Sheets

Tally sheets summarize historical compensation, equity holdings and realized value for each NEO, as well as applicable Company performance. Because the Company does not have any extensive retirement benefits, perquisites or other elaborate compensation programs, the primary benefit of using tally sheets are to provide historical perspective for each NEO regarding the elements of pay and equity holdings which facilitate analysis of wealth opportunity and wealth realization. The tally sheets are used to conduct sensitivity analysis regarding each NEO's forfeitable (due to vesting and/or clawback rights) and non-forfeitable equity at different Common Stock prices to help facilitate our retention efforts. In this way, the compensation decisions reflect a more informed perspective regarding prior equity grants and incentive opportunities and consider the retention value of all existing awards as a whole. For further discussion of our equity-based awards, see Long-term Incentives — Equity-based Awards below.

## Details of the Company's Compensation Structure

### Base Salary

We avoid automatic base salary increases and target our NEO's base salaries below applicable median base pay levels to manage our fixed compensation costs and reinforce our pay-for-performance philosophy by emphasizing variable pay.

While the NEOs' base salaries were at or below the 25<sup>th</sup> percentile of base salaries reported by our Peer Group, we did not adjust base salaries in 2016. Instead, we provided these executives with the opportunity for higher compensation through improved variable and long-term incentive opportunities as described below.

### Annual Variable Performance Awards Payable in Cash

We have two annual cash incentive performance plans. Messrs. McVey and Themelis, whose compensation is subject to the limitations on deductibility under Section 162(m), participate in a plan structured to satisfy the requirements for awarding "performance based compensation" under Section 162(m) ("Performance Incentive Plan"). As our CFO, Mr. DeLise's compensation is not subject to Section 162(m), and therefore he participates in the general employee pool ("Employee Incentive Plan").

A summary of cash incentives paid to our NEOs in 2016 and 2015 under our annual cash incentive plans and a comparison to our key financial metrics for both years can be found below:

Cash Incentive Paid Compared to Financial Metrics			
	2016	2015	
	(\$)	(\$)	Change
Revenues (in millions)	369.92	303.10	22%
Operating Income (in millions)	191.60	147.90	30%
Diluted EPS	3.34	2.55	31%
(in '000's)			
McVey, CEO	2,100	2,100	0%
DeLise, CFO	900	840	7%
Themelis, CIO	1,400	1,350	4%

	2016	2015	
	(\$)	(\$)	Change
Revenues (in millions)	369.92	303.10	22%
Operating Income (in millions)	191.60	147.90	30%
Diluted EPS	3.34	2.55	31%
(in '000's)			
McVey, CEO	2,100	2,100	0%
DeLise, CFO	900	840	7%
Themelis, CIO	1,400	1,350	4%

## Employee Incentive Plan - 2016

Our annual employee incentive plan is accrued as a percentage of our annual pre-tax operating income, on a pre-incentive basis, before interest income and expense and the effects of financing activities (“Adjusted Operating Income”). The Company must be profitable for there to be an accrual for any particular performance year. The table below shows the accrual rates for 2016:

### Target Accrual Rate

	2016 Accrual Rate
Level of Adjusted Operating Income	
At or below \$0	0.00%
Baseline accrual rate up to and including 110% of plan	15.00%
Marginal accrual rate for operating income above 110% of plan, up to and including 120% of plan	13.00%
Marginal accrual rate for operating income above 120% of plan, up to and including 130% of plan	11.00%
Marginal accrual rate for operating income above 130% of plan	9.00%

Regardless of the accrual rate, the Compensation Committee has the right to override the formulaic result by exercising downward discretion, thereby reducing the actual amount paid. By limiting the amounts that can be paid under the Employee Incentive Plan, we believe we are balancing short-term cash incentives with long-term equity awards thereby reducing excessive risk-taking.

The total amount accrued under the plan for 2016 was \$30.25 million. As shown in the chart below, the actual accrual rate was both lower than targeted and lower than the previous years' accrual rate as a result of the Compensation Committee exercising downward discretion after reviewing financial performance, market data, staffing levels and C&B Ratio goals. The lower accrual rate allowed the Company to achieve higher incremental margins:

### Actual Accrual Rate vs. Target and Previous Year

	2016	2015
Target accrual rate	15.00%	16.06%
Adjusted (Actual) Accrual Rate	13.80%	15.50%
Payout (in '000's)	\$30,250	\$26,990

Mr. DeLise's discretionary bonus was based on individual contributions and Company performance as well as the market data obtained for his position.

### Performance Incentive Plan – 2016

The Performance Incentive Plan in which Messrs. McVey and Themelis participated is accrued as a percentage of the Employee Incentive Plan. This direct relationship with the Employee Incentive Plan ensures that the Company is profitable before any accrual occurs under the Performance Incentive Plan in any given year.

There is a maximum allocation under the Performance Incentive Plan. If the accrual under the Employee Incentive Plan exceeds the maximum amount, no portion of that additional accrual can be allocated to the Performance Incentive Plan or the NEOs who participate in it. The table below shows the target, maximum, and actual accruals under the Performance Incentive Plan:

### Performance Incentive Plan - Target, Maximum and Actual Accruals

	2016 Target	2016 Maximum	2016 Actual	2015 Actual
Employee Incentive Plan (in '000's)	\$30,000	\$36,600	\$30,250	\$26,990

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Percentage Accrued for Performance Incentive Plan	12.5%	14.5%	11.6%	12.8%
Performance Incentive Plan Accrual (in '000's)	\$3,750	\$ 5,307	\$3,500	\$3,450

The amount allocated to each participating NEO was based upon individual, market data, and internal pay considerations. The actual payout was subject to downward discretion of the Compensation Committee, which was exercised in 2016. Pursuant to our policy, any amounts allocated to the Performance Incentive Plan that are not paid out to the participating NEOs are reallocated to the Employee Incentive Pool and may be added to that pool's accrual and paid to employees if deemed desirable by the Company. In 2016, the base accrual amount was considered sufficient, so no additional amounts made available from the exercise of downward discretion were paid out. The allocated amounts and the actual payouts for the NEOs who participated in the Performance Incentive Plan are set forth below:

### 2016 Performance Incentive Plan - Target Allocations and Payout

	Percentage Allocated	Target Amount Payable (\$ in '000's)	Maximum Amount Payable (\$ in '000's)	Maximum Amount Payable Based on Results (\$ in '000's)	Actual Amount Paid (\$ in '000's)
McVey, CEO	61%	2,288	3,237	2,307	2,100
Themelis, CIO	39%	1,463	2,070	1,475	1,400

#### Non-Qualified Deferred Cash Plan

In 2015, the Company implemented a voluntary non-qualified deferred cash plan that allows the NEOs and other select participants to defer all or part of their cash bonus. For the cash bonus paid in 2017 for 2016 performance, Mr. DeLise was the only NEO to participate in this plan. He deferred 80% of his \$900,000 cash incentive bonus for 2016, or \$720,000.

#### Changes for Performance Year 2017

##### Employee Incentive Plan – 2017

For purposes of funding the Bonus Accrual for the 2017 performance year, we will use a similar methodology as we did for 2016; however, both the accrual rate and the thresholds of performance at which the accrual is reduced were lowered in 2017 to reduce the likelihood of an over accrual. The table below shows the accrual rates and thresholds for 2017 as compared to 2016:

#### Target Accrual Rate

	2017 Threshold	2017 Accrual Rate	2016 Threshold	2016 Accrual Rate
Level of Adjusted Operating Income				
At or below \$0	0.00%	0.00%	0.00%	0.00%
Baseline accrual rate	100.00%	13.82%	100.00%	15.00%
Baseline accrual rate up to and including first threshold	<105%	12.00%	<110%	15.00%
Marginal accrual rate for operating income above the first threshold, up to and including the second threshold	105 - 110%	10.00%	110 - 120%	13.00%
Marginal accrual rate for operating income above the second threshold, up to and including the third threshold	110 - 115%	8.00%	120 - 130%	11.00%
Marginal accrual rate for above the third threshold	>115%	8.00%	>130%	9.00%

##### Performance Incentive Plan – 2017



For 2017, we adopted a similar methodology to establish the Performance Plan for Messrs. McVey, Themelis, and McPherson, who was designated an executive officer during this year. Mr. Roupie was not included as he is not a U.S. taxpayer and is therefore not subject to the limitations under Section 162(m). The target amount payable, maximum payable and allocation to each participating NEO and Mr. McPherson is shown below:

2017 Performance Incentive Plan - Target Allocations and Payout			
	Percentage Allocated	Target Amount Payable (\$ in '000's)	Maximum Amount Payable
McVey, CEO	44%	2,409	2,816
McPherson, Head of Sales	27%	1,478	1,728
Themelis, CIO	29%	1,588	1,856
Total		5,475	6,400

Regardless of the actual amount allocated, the Compensation Committee retains the right to exercise downward discretion.

Long-term Incentives – Equity-based Awards

Equity awards have traditionally been granted to our NEOs at the time of hire (“new hire” awards), annually (as part of our on-going compensation scheme), and upon contract renewal. We believe that delivering an appropriate portion of an executive’s equity as a multi-year equity award is an effective method of providing an executive with a significant additional incentive to create long-term value for shareholders, while potentially reducing the accounting expense incurred by the Company over a multi-year period during which the stock price increases.

We grant annual awards on January 15 using the average closing price of our Common Stock for the ten last trading days leading up to and including the date of grant. This helps to ensure that the timing of any award and the setting of the market exercise price of a stock option will not be subject to manipulation, and that any significant swings in stock price are smoothed out. All annual awards vest over a minimum of three years, and the first vesting date is at least one year from the date of grant.

The value of the annual equity awarded to each NEO is considered by the Compensation Committee in determining TDC for each NEO. The amount awarded is based upon market data, the Company’s desire to maintain appropriate upside leverage in our annual incentive program while managing risk, share ownership guidelines, and our desire to retain our NEOs.

The Executive Compensation Tables require that we report all equity granted for the applicable reporting year. As such, we are providing an overview of all equity awards granted in January 2016 for 2015 performance. However, in calculating TDC for performance year 2016, we used the value of equity granted in January 2017 in recognition of performance during 2016. Accordingly, we have also included an overview of equity awards granted in 2017.

#### 2016 Grants for 2015 Performance

The following chart shows the annual equity awards granted to our NEOs in January 2016 for performance in 2015 and the value of any multi-year awards included in their TDC for 2015 (see Use of Multi-Year Awards below):

Equity Attributed to Year-End 2015 Compensation				
(in '000's)	Annual Grant Value	Multi-Year Award Value - Annualized Basis		
		Jan 2016 Grant	Previous Jan 2016 Multi-Year Award Grant	Total
McVey, CEO	\$3,200	\$1,600	—	\$4,800
McPherson, Head of Sales	\$50	\$200	\$360	\$610
Themelis, CIO	\$400	—	\$600	\$1,000

Mr. McVey’s annual equity award granted in January 2016 was determined after subtracting an annualized value of \$1.6 million, which reflected 20% of the \$8 million five-year performance grant made to him in January 2015 in consideration for his entering into a new employment agreement.

For Mr. DeLise, the value of his annual equity award in January 2016 was determined after subtracting an annualized value of \$200,000, which reflected 20% of the \$1 million five-year retention grant made to him in January 2012 and an annualized value of \$360,000, which reflected 20% of a \$1.8 million five-year retention grant made to him in January 2016.

For Mr. Themelis, the value of his annual equity award in January 2016 was determined after subtracting the annualized value of \$600,000, which reflected 20% of a \$3 million five-year retention grant made to him in January 2016.

#### Flex Share Program

Annual equity awards are made pursuant to our “Flex Share” program that permits our NEOs to have input into the form of their equity compensation (between performance shares, restricted stock units (“RSUs”) and stock options), subject to a general framework and limitations imposed by the Compensation Committee. The Flex Share program allows the Company to deliver more individualized awards with greater perceived value to the NEOs without incurring additional expense to the Company. For the awards granted in 2016, each annual equity award had a minimum requirement of 35% for performance awards for the CFO and CIO, and 40% for the CEO, with a maximum amount of 50% of the annual equity award allowed to be in the form of performance shares. Of the remainder of the annual award, 50% was awarded in the form of RSUs. NEOs then had the option to receive the balance of their award in RSUs or stock options (for the 2016 grants, at a ratio of one RSU to 3.1 stock options, based upon the relative accounting cost of each award component on the award date).

RSUs and stock options vest in three equal annual installments beginning a year after grant. Performance shares settle in the first quarter after the completion of the performance year and vest in two equal annual installments beginning two years after grant.

RSU settlement may be deferred at the NEO’s election, which provides an added benefit of allowing the NEO to maintain additional upside leverage in our shares of Common Stock through delayed taxation. Generally, deferring RSUs has no impact on an RSU’s vesting schedule, except that the initial vesting date for an RSU deferred in the year of grant must occur at least 13 months after the grant date in accordance with Section 409A of the Code.

As a result of their elections, the NEOs were granted the following awards as part of their annual equity award in January 2016:

## Annual Equity Award - Share Election - 2016

	Percentage		Percentage		Percentage		Percentage	
	Total Value Allocated		RSUs Granted		Allocated as		Performance	
	Granted	as RSUs	on Jan 15, 2016	Deferred	Stock Option	Granted on	Performance	Units Granted on
	(‘000’s)				Jan 15, 2016	Jan 15, 2016	Shares	Jan 15, 2016
McVey, CEO	\$ 3,200	30%	9,033	Yes	30%	28,002	40%	12,044
DeLise, CFO	\$ 340	65%	306	No	—	—	35%	165
Themelis, CIO	\$ 500	65%	2,446	No	—	—	35%	1,317

## 2016 Performance Share Metrics and Payout

Performance share awards resulted in a 100% payout if the Company achieved a targeted operating income range (before interest income, interest expense, effects of financing activities and expenses incurred in connection with the grant of all performance share awards for performance in 2016). Performance share awards provide for a maximum payout of 150% of the Target award if the high end of the target range is exceeded by at least 15% and result in no payout if the Company does not achieve at least 85% of the low end of the target range. Our actual adjusted operating income was \$190.7 million resulting in a payout of 139.2%. The table below shows the adjusted operating income goals and corresponding payout results:

2016 Performance Share Metrics and Achievement	
2016 Adjusted Operating Income Goal	Performance Share Payout
Below \$136.5 million	0.0%
\$136.5 million (85%)	50.0%
Target of \$160.6 to \$170.6 million	100.0%
Actual of \$190.7MM	139.2%
\$196.2 million and higher (115%)	150.0%

The table below shows the adjustment to the performance shares upon settlement:

Performance Share Awards - Granted and Settled			
Performance Units Granted	Value on the Date of Grant (1)	Settlement of Performance Shares in 2017	Value of Grant on Date of Settlement (2)

		('000's)		('000's)
McVey (CEO)	12,044	\$ 1,226	16,765	\$ 2,951
DeLise (CFO)	165	\$ 17	230	\$ 40
Themelis (CIO)	1,317	\$ 134	1,833	\$ 323

(1)Based on the closing price on January 15, 2016 (Grant Date) of \$101.77

(2)Based on the closing price on January 25, 2017 (Settlement Date) of \$175.99

#### 2017 Grants for 2016 Performance

The following chart shows the annual equity awards granted to our NEOs in January 2017 for performance in 2016 and the value of any multi-year awards included in their TDC for 2016:

Equity Attributed to Year-End 2016 Compensation				
(in '000's)	Annual Grant Value	Multi-Year Award Value - Annualized Basis		
		Jan 2017 Grant	Previous Jan Multi-Year Award	Total
McVey, CEO	\$3,200	\$1,600	—	\$4,800
McPherson, Head of Sales	\$340	—	\$ 360	\$ 700
Themelis, CIO	\$500	—	\$ 600	\$1,100

For each NEO, TDC was determined after subtracting \$1.6 million, \$360,000 and \$600,000 in previously-granted multi-year award value for Messrs. McVey, DeLise, and Themelis, respectively.

There were no changes to the Flex Share program in 2017 other than the ratio of RSUs to stock options increased to 3.94 stock options to one RSU.

The performance share metrics were adjusted to align with our 2017 financial plan. Additionally, the high and low end of the performance ranges were tightened to issue less shares in the event of underperformance and to reduce the level of outperformance needed for adjusted operating income to be at the highest end of the range, thereby making the 150% payout slightly more achievable while retaining the stretch nature of the goal.

The NEOs were granted the following awards in January 2017:

#### Annual Equity Award - Share Election - 2017

	Percentage				Percentage			
	Total Value Allocated		RSUs Granted		Stock Options Allocated as Performance		Units Granted on	
	Granted ('000's)	as RSUs	on Jan 15, 2017	Deferred	Allocated as Stock Options	Granted on Jan 15, 2017	Performance Shares	Jan 15, 2017
McVey, CEO	\$ 3,200	30.0%	6,222	Yes	30.0%	24,515	40%	8,296
DeLise, CFO	\$ 340	32.5%	716	No	32.5%	2,821	35%	771
Themelis, CIO	\$ 500	30.0%	972	No	30.0%	3,830	40%	1,296

#### Use of Multi-Year Awards

We have enjoyed significant benefits from, and strongly believe in the retention and incentive value created by, up-front equity awards, provided that such awards are appropriately structured. We believe that performance based multi-year awards adhere to this philosophy by offering strong additional incentives – wealth creation and retention opportunities through both the number of shares earned and the increasing stock price – without creating excessive risk within the overall compensation framework under which our NEOs are compensated.

As stated above, the individual elements of each NEO's TDC are determined after subtracting out the annualized value of any outstanding multi-year award.

#### CEO Award

In January 2015, Mr. McVey was awarded a performance based multi-year award in connection with the execution of a new employment agreement. The award is comprised of two separate performance components: (i) \$6 million in performance shares (which settle in shares of restricted stock subject to performance over the vesting period indicated below), and (ii) \$2 million in premium priced stock options with an exercise price of \$88.25, which price represented 125% of the fair market value ("FMV") of the Company's Common Stock on the grant date (\$70.60) ("Premium Options").

The performance shares were set up with four performance tranches with the price targets and vesting schedule set forth in the chart below:

Performance Shares		
Price Target / FMV Premium	Performance Shares Earned (1)	Vesting (Years From Grant)
\$88.25 (125% FMV)	35,463	100% Year 5
\$95.31 (135% FMV)	35,464	50% each Year 4 & 5
\$105.90 (150% FMV)	21,492	50% each Year 4 & 5
\$116.90 (165% FMV)	24,240	50% each Year 4 & 5

(1) "Performance Shares Earned" represent incremental shares of the Company's stock earned upon achievement of the indicated share price targets, subject to vesting schedule indicated.

To satisfy the share price target conditions, the Company's average share price over any 10 consecutive trading days during the 5-year performance period must have met or exceeded the applicable price target. All performance targets for all tranches were met on or before March 2016. The shares delivered to the CEO in settlement of the performance shares continue to be restricted and will not vest until January 15, 2019 and January 15, 2020 (in equal amounts on each date).

The Premium Options vest in three tranches as follows:

Premium Options	
Vesting Date	Options Vested
January 15, 2018	39,933
January 15, 2019	39,972
January 15, 2020	40,076

The expiration date for all Premium Options is July 15, 2020.

#### Other NEO Awards

On January 22, 2016, Messrs. DeLise and Themelis were granted a multi-year award valued at \$1.8 million and \$3.0 million, respectively, as of that date (“NEO Multi-Year Awards”). The NEO Multi-Year Awards were comprised of three components as follows:

- 40% of the award value was granted in the form of performance shares,
- 30% of the value was granted in the form of time-based RSUs, and
- 30% of the value was granted in at-the-money stock options, as shown below.

The NEO Multi-Year Awards were granted to provide additional performance incentives and promote the retention of these key executives. The performance element will ensure that the NEO’s interests are aligned with those of our stockholders, while the time-vested RSUs provide retention value. In contrast to our annual grants, which generally vest in 3 equal annual installments, the NEO Multi-Year Awards vest in two 50% installments on each of January 31, 2020 and 2021, the 4<sup>th</sup> and 5<sup>th</sup> anniversaries of the grant date.

The NEO Multi-Year Awards cover a five-year period. Accordingly, one-fifth of the grant date value of the NEO Multi-Year Award is attributed to Messrs. DeLise and Themelis’ compensation for performance years 2015 through 2019. The total and annualized value and the units received are summarized below:

#### Value of the NEO Multi-year Awards and Units Granted

	Total Grant Value (000’s)	Annual Grant Value (Performance Years 2015 - 2019) (000’s)	Total Units Granted		
			Performance Shares	RSUs	Stock Options
DeLise, CFO	\$ 1,800	\$ 360	6,933	5,200	16,147
Themelis, CIO	\$ 3,000	\$ 600	11,555	8,666	26,865

The exercise price of the stock options received by Messrs. Themelis and DeLise is \$103.30, the closing price of the Company’s Common Stock on the date of award.

The performance shares are earned based on achieving aggregate operating income targets over three-year and four-year measurement periods ending December 31, 2018 and December 31, 2019. To achieve 100% of the target shares, certain aggregate operating income targets within a target range must be met. The level of performance and the corresponding level of payment are as follows:

Level	Aggregate Operating Income		Payout Percent (1)
	Three-Year Cumulative	Four-Year Cumulative	



	(\$ in millions)	(\$ in millions)	
Threshold	527.9	740.2	50%
Target Range - Low	589.6	852.2	100%
Target Range - High	611.2	892.4	100%
Outperform	644.6	955.4	125%
Maximum	691.0	1,045.0	150%
First Year Operating Income (2)	191.6		

(1) There is interpolation between results. No shares are issued if the threshold amounts are not achieved.

(2) Operating income achieved during the first year of the performance award (2016).

#### Total Direct Compensation (TDC)

Our compensation decisions for year-end 2016 were driven by the Company's record financial results for the seventh consecutive year and its performance in light of its peers, individual performance, market data, and the impact and value of the long-term retention incentives previously awarded to each NEO. A summary of each NEO's 2016 TDC and the relevant market data can be found below.

## 2016 Compensation Decisions and Market Data

	Base Salary		Bonus	Total Cash		
	Actual	Market Positioning		Actual	Actual	
	( '000's)		( '000's)	( '000's)		
McVey, CEO	\$500	Below 25th	\$2,100	\$2,600	Between Median and 75th	
DeLise, CFO	\$300	Below 25th	\$900	\$1,200	Between Median and 75th	
Themelis, CIO	\$300	Below 25th	\$1,400	\$1,700	Above 75th	

  

	Equity Annual Equity		TDC		Change 2016 vs. 2015
	Value Granted (1)	Residual Multi-Year Value (2)	2016	Market Positioning 2015	
	( '000's)	( '000's)	( '000's)	( '000's)	
McVey, CEO	\$3,200	\$ 1,600	\$7,400	Above 75th	\$ 7,400 —
DeLise, CFO	\$340	\$ 360	\$1,900	Between Median and 75th	\$ 1,750 9%
Themelis, CIO	\$500	\$ 600	\$2,800	At 75th	\$ 2,650 6%

(1) Represents an annual equity award granted on January 15, 2017 for 2016 performance

(2) See discussion regarding the multi-year awards granted in January 2015 and January 2016

## Common Stock Ownership Guidelines

We believe that equity-based awards are an important factor in aligning the long-term financial interest of our NEOs and our stockholders. As such, we maintain stock ownership guidelines for our NEOs. Generally, under the guidelines, Mr. McVey is required to own not less than a number of shares of Common Stock equal in value to ten times his base salary using a value of the average price of the Common Stock for the ten days up to and including April 15, 2016, which was \$124.08 per share. At his current base salary of \$500,000, Mr. McVey's required ownership is not less than 42,297 shares. Additionally, effective April 2016, for the remainder of the time Mr. McVey holds the title of CEO and for the twelve months thereafter, Mr. McVey will be required to maintain beneficial ownership of at

least 50% of the shares that Mr. McVey received as equity compensation as of the date of the guideline or thereafter. All of Mr. McVey’s vested and unvested restricted shares, vested and unvested restricted stock units, settled performance shares, and shares deferred under a non-qualified deferred compensation arrangement will be counted for the post-termination holding requirement; vested and unvested stock options are excluded from the requirement. The other NEOs are required to own not less than three times their base salary as in effect on such date. At their current base salaries of \$300,000, Messrs. DeLise and Themelis’s required ownership is not less than 7,254 shares. New NEOs will be subject to the same guidelines and will be required to be in compliance within five years of becoming an NEO. Under our ownership guidelines, shares purchased and held beneficially, vested and unvested RSUs and restricted shares and settled performance shares count toward the minimum ownership requirement. Vested and unvested options and unsettled performance shares are not counted toward the ownership requirement. Compliance with the Common Stock ownership guidelines is reviewed by our Board’s Nominating and Corporate Governance Committee (the “Governance Committee”) every year or more often at the discretion of the Board or Governance Committee. All of our NEOs are currently in compliance with the guidelines.

NEO Stock Ownership Requirements		
	Requirement	Current Holdings
McVey (CEO)	10x	271x
DeLise (CFO)	3x	21x
Themelis (CIO)	3x	26x

#### Incentive Compensation Clawback

Each of our incentive plans contain a clawback provision that allows the Company to recoup all or part of the year-end incentive compensation paid to NEOs in the event of a misstatement of financial results discovered within 12 months of December 31<sup>st</sup> of the respective performance year. The clawback is structured so that funds that were accrued under the Employee Incentive Pool or Performance Incentive Program as a result of a misstatement of financial results may be recaptured by the Company. In addition, Mr. McVey’s employment agreement provides the Company with the right to recapture all compensation paid, whether in the form of cash, Common Stock or any other form of property, to the extent required by the Dodd-Frank Act and the Remuneration Code published by the U.K. Financial Conduct Authority.

### Prohibition of Employee Hedging

NEOs and all other employees are prohibited from using the Company's Common Stock for hedging purposes. The most readily available and complete hedge is shorting the Common Stock, which is expressly prohibited under the Company's Insider Trading Policy. All employees (including NEOs) are subject to this policy.

### Other Benefits

We provide our NEOs with the same benefits offered to all other employees. The cost of these benefits constitutes a small percentage of each NEO's total compensation. In the U.S., key benefits include paid vacation, premiums paid for life insurance and short-term and long-term disability policies, matching contributions to the NEO's 401(k) plan account, and the payment of 75% of the NEO's healthcare premiums in fiscal year 2016. We review these other benefits on an annual basis and make adjustments as warranted based on competitive practices and our performance. Comparable benefits are offered to employees in other geographic locations in which we operate, including Europe and Asia.

### Compensation Committee Discretion

The Compensation Committee retains the discretion to decrease or eliminate all forms of incentive awards based on its performance assessment, whether individual or Company-based. Likewise, the Compensation Committee retains the discretion to provide additional payouts and/or consider special awards for significant achievements, including but not limited to achieving superior operating results, strategic accomplishments and/or consummation of partnerships, acquisitions or divestitures.

### Severance and Change in Control Arrangements

In hiring and retaining executive level talent, the Compensation Committee believes that providing the executive with a level of security in the event of an involuntary termination of employment or in the event of a change in control is an important and competitive part of the executive's compensation package. We entered into an employment agreement with Mr. McVey that provides for severance payments and benefits in the event of the termination of his employment under certain circumstances. In addition, the terms of our annual equity grant award agreements with Mr. McVey provide for accelerated vesting of his equity awards in the event of termination of his employment under certain circumstances or upon a change in control of the Company. While retention grants also accelerate upon certain terminations of employment after a qualifying change in control event, accelerated vesting is limited to 24 months, as the Compensation Committee did not feel it necessary to provide full acceleration of the retention grants.

While Mr. McVey's employment agreement is designed to protect him in the event of a change in control, it does not provide for "single-trigger" protection, nor does the Company provide any 280G protection or "gross-up" for excise taxes that may be imposed under Code Section 4999. The agreement does provide that if any payments or benefits paid or provided to him would be subject to, or result in, the imposition of the excise tax imposed by Code Section 4999, then the amount of such payments will be automatically reduced to one dollar less than the amount that subjects such payment to the excise tax, unless he would, on a net after-tax basis, receive less compensation than if the payment were not so reduced.

As a result of a plan amendment in November 2016, the other NEOs are entitled to severance payments and benefits in the event of termination of their employment under certain circumstances pursuant to the terms of the MarketAxess Severance Pay Plan (as amended effective November 21, 2016).

See below under Executive Compensation — Potential termination or change in control payments and benefits for information regarding these payments and benefits.

#### Impact of Tax and Accounting

As a general matter, the Compensation Committee reviews and considers the tax and accounting implications of using the various forms of compensation employed by the Company.

When determining the size of grants to our NEOs and other employees under the Company's stock incentive plans, the Compensation Committee examines the accounting cost associated with the grants. Under FASB ASC Topic 718, grants of stock options, restricted stock, RSUs, performance shares and other share-based payments result in an accounting charge for the Company. The accounting charge is equal to the fair value of the instruments being issued. For restricted stock, RSUs and performance shares, the cost is equal to the fair value of the Common Stock on the date of grant times the number of shares or units granted. For stock options, the cost is equal to the fair value determined using an option pricing model. This expense is amortized over the requisite service or performance period.

Code Section 162(m) generally prohibits any publicly-held corporation from taking a Federal income tax deduction for compensation paid in excess of \$1 million in any taxable year to the chief executive officer and any other executive officer (other than the chief financial officer) employed on the last day of the taxable year whose compensation is required to be disclosed to stockholders under SEC rules. Exceptions include qualified performance-based compensation, among other things. It is the Compensation Committee's policy to maximize the effectiveness of our executive compensation plans in this regard. Nonetheless, the Compensation Committee retains the discretion to grant awards (such as restricted stock with time-based vesting) that will not comply with the performance-based exception of 162(m) if it is deemed in the best interest of the Company to do so.

#### REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis to be included in this Proxy Statement. Based on the reviews and discussions referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee of the

Board of Directors:

John Steinhardt — Chair

Steven L. Begleiter

Ronald M. Hersch

## COMPENSATION RISK ASSESSMENT

### NEOs and Senior Management Team

Our Compensation Committee annually reviews compensation recommendations for our NEOs and certain other employees of the Company. Specifically, the Compensation Committee is presented with benchmark data and compensation recommendations made by Mr. McVey (excluding for himself), in conjunction with Grahall, our independent compensation consultant, for our senior management team. In 2016, in addition to providing market data for our NEOs, Grahall provided market data for the following positions comprising the senior management team (each, a “Senior Manager” and collectively “Senior Management”):

- ◆ General Counsel
- ◆ Head of Human Resources
- ◆ COO, Europe
- ◆ Global Head of Sales
- ◆ Head of Marketing and Communications
- ◆ Product Manager, Open Trading

Grahall also provided the Compensation Committee with summary benchmark and compensation data for all other employees of the Company in the aggregate.

The compensation recommendations for Senior Management are reviewed by the Compensation Committee and factor into the Compensation Committee’s decision-making process in the same manner as decisions concerning compensation for the NEOs (other than Mr. McVey). The Compensation Committee believes that the Company has the right pay mix in place to mitigate a short-term orientation and short-term risk-taking. While a significant portion of executive compensation is performance-based and provides significant award potential, we believe that our compensation program as a whole is sound and does not encourage excessive risk-taking. Specifically:

- ◆ Use of long-term incentives — A meaningful portion of the equity compensation received by our NEOs and Senior Managers vests over a three-year or longer period. Therefore, Senior Managers are encouraged to have a long-term outlook, which mitigates short-term risk. Given their equity holdings, poor performance that decreases our Common Stock price negatively impacts the senior management team and our stockholders alike.
- ◆ Detrimental Activity Clause — Each equity award made by the Company is done so pursuant to a written agreement that contains a clause prohibiting certain activities that are detrimental to the Company. Pursuant to this clause, detrimental activity by an equity award recipient can result in the Company’s enforcement of a clawback of equity granted to that employee.
- ◆ Share ownership guidelines — The Company has adopted share ownership guidelines, which require our NEOs to hold a portion of their annual base salary in shares of Common Stock of the Company. This ensures that each executive will maintain a significant amount of wealth in our Common Stock, and when the Common Stock price declines, executives will lose value as stockholders do. As a significant portion of each NEO’s compensation is awarded in equity, we believe the Common Stock ownership guidelines motivate the NEOs to align personal performance and decision-making with stockholder value creation and improvement of our financial results on a long-term basis. Other Senior Managers generally have the same portion of TDC allocated to equity as the NEOs.
- ◆ Performance shares — To realize value on any grant of performance shares, Senior Managers and NEOs must satisfy performance criteria after the award is made and then hold the performance shares until they are fully vested. 50% of the shares ultimately earned are not available until the second anniversary of the grant date and the other 50% of the

shares ultimately earned are not available until the third anniversary of the grant date (in each case, absent a termination event after a qualifying change in control). This additional holding period requires NEOs and Senior Managers to remain employed with the Company and exposes the shares to additional market risk during the holding period, thus aligning their interests with those of our stockholders.

• **Clawbacks for restatements** — We have a clawback policy regarding cash incentives for our NEOs that provides that if our financial results are restated within twelve months of December 31<sup>st</sup> of the respective performance year — whether through mistake or wrongdoing — the Company has the legal right to recapture an appropriate portion of any bonuses paid. This clawback policy was based upon, but exceeds the requirements of, the model presented in the Sarbanes Oxley Act of 2002. In addition, Mr. McVey’s employment agreement includes the Company’s right to recapture all compensation paid to him, whether in the form of cash, the Company’s Common Stock or any other form of property, as required by the Dodd-Frank Act and the Remuneration Code published by the Financial Conduct Authority.

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Limited maximum opportunity — Additionally, our annual incentive pool for NEOs subject to Section 162(m) is capped and we have implemented a decreasing accrual rate at higher performance levels for the incentive pool and our Employee Plan. This reduces the likelihood of the NEOs and Senior Managers taking unnecessary risk for short-term gains.

#### Other Employees

The Global Management Team regularly reviews our compensation practices to determine whether they create appropriate incentives for our broader employee base and do not motivate imprudent risk taking. The team, assisted by our Chief Risk Officer and guided by the Risk Committee of the Board, is comprised of department heads and assesses our business strategies and plans to insure that the appropriate policies and procedures are in place for identifying, evaluating, measuring, monitoring and managing significant risks. The Chief Risk Officer regularly prepares updates and reports for both the Risk and Audit Committees of the Board and the full Board.

#### Conclusion

Based on our internal analysis and the controls that are in place, each of the Compensation, Risk and Audit Committees of the Board believes that the Company's compensation policies and practices for its employees do not encourage excessive risk-taking or fraud and are not reasonably likely to have a material adverse effect on the Company.

## EXECUTIVE COMPENSATION

## Summary compensation table

The following table sets forth all compensation received during fiscal years 2014, 2015 and 2016 by our (i) Chief Executive Officer, (ii) Chief Financial Officer, and (iii) Chief Information Officer. These executives are referred to as our “named executive officers” or “NEOs” elsewhere in this Proxy Statement.

## 2016 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(2)	Non- Equity	All Other	Total (\$)
						Incentive Plan Compensation (\$)(3)	Compensation (\$)(4)	
Richard M. McVey Chief Executive Officer	2016	500,000	—	2,145,006	893,891	2,100,000	194,565	5,833,462
	2015	500,000	—	8,951,504	2,000,011	2,100,000	144,490	13,696,004
	2014	500,000	—	2,742,221	—	2,000,000	108,616	5,350,837
Antonio L. DeLise Chief Financial Officer	2016	300,000	900,000	1,301,273	522,325	—	25,194	3,048,792
	2015	300,000	840,000	300,121	—	—	24,600	1,464,721
	2014	300,000	750,000	293,780	—	—	26,247	1,370,027
Nicholas Themelis Chief Information Officer	2016	300,000	—	2,471,790	870,488	1,400,000	33,077	5,075,355
	2015	300,000	—	900,432	—	1,350,000	27,222	2,577,654
	2014	300,000	—	783,519	—	1,225,000	19,297	2,327,816

(1) Represents the bonus payments earned under the Employee Incentive Plan by Mr. DeLise.

(2) The amounts represent the aggregate grant date fair value of stock and option awards granted by the Company in 2014, 2015 and 2016, computed in accordance with FASB ASC Topic 718. For further information on how we account for stock-based compensation, see Note 9 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 21, 2017. These amounts reflect the Company’s accounting expense for these awards and do not correspond to the actual amounts, if any, that will be realized by the named executive officers. The amounts reported for stock awards in 2014, 2015 and 2016 include performance shares. For 2016, the reported fair value of the performance shares are \$1,225,718, \$732,971 and \$1,327,663 for Messrs. McVey, DeLise and Themelis, respectively. The fair value of the performance shares are reported based on achievement of 100% of the target performance goals, which represents the probable outcome of the performance goals. If the Company achieves the maximum performance goals, then the fair value of the performance shares granted in 2016 would be \$1,838,577, \$1,099,456 and \$1,991,494 for Messrs. McVey, DeLise and Themelis, respectively.

(3) These amounts represent amounts earned under the Performance Incentive Pool with respect to Messrs. McVey and Themelis.

(4) These amounts represent employer matching contributions to the Company's 401(k) defined contribution plan of \$7,000 to each NEO for each year reported and dividends credited in each year reported on unvested restricted stock and unvested deferred and non-deferred restricted stock units.

## Grants of plan-based awards

The following table summarizes the grants of performance shares, performance awards, restricted stock units and stock options we made to the named executive officers in 2016, as well as potential payouts pursuant to certain performance-based compensation arrangements. There can be no assurance that the grant date fair value of stock awards will ever be realized.

## 2016 Grants of Plan-Based Awards Table

Name	Grant and Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Awards:			Grant Date Fair Value of Stock and Option Awards
		Target	Maximum	Threshold	Target	Maximum	Units	Options	Exercise or Base Price of Underlying Option Awards	
		(\$)	(\$)	(#)	(#)	(#)	(#)	(#)	(\$ / Sh)	(\$)
Richard M. McVey	1/15/2016	2,288,000	3,237,000	-	-	-	-	-	-	-
		(1)								-
	1/15/2016	-	-	-	-	-	9,033	-	-	919,288
	1/15/2016	-	-	-	-	-	-	28,002	\$101.77	893,891
	1/15/2016	(3)	-	6,022	12,044	18,066	-	-	-	1,225,718
Antonio L. DeLise	1/15/2016	-	-	-	-	-	306	-	-	31,142
	1/15/2016	(3)	-	83	165	248	-	-	-	16,792
	1/22/2016	(4)	-	3,467	6,933	10,400	-	-	-	716,179
	1/22/2016	-	-	-	-	-	5,200	-	-	537,160
	1/22/2016	-	-	-	-	-	-	16,120	\$103.30	522,325
Nicholas Themelis	1/15/2016	1,463,000	2,070,000	-	-	-	-	-	-	-
		(1)								-
	1/15/2016	-	-	-	-	-	2,446	-	-	248,929

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1/15/2016 (3)	-	-	659	1,317	1,976	-	-	-	134,031
1/22/2016 (4)	-	-	5,778	11,555	17,333	-	-	-	1,193,632
1/22/2016	-	-	-	-	-	8,666	-	-	895,198
1/22/2016	-	-	-	-	-	-	26,865	\$103.30	870,488

(1) Represents the target and maximum payout of the cash incentives under the Performance Incentive Plan for which Messrs. McVey and Themelis were eligible in 2016.

(2) The value of a restricted stock unit is based on the fair value of such award, computed in accordance with FASB ASC Topic 718. The value of a performance share is based on the fair value of such award assuming 100% of target, computed in accordance with FASB ASC Topic 718. For further information on how we account for stock-based compensation, see Note 9 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 21, 2017.

(3) Reflects the number of performance shares that would vest based on the level of achievement by the Company of pre-tax operating income targets for the 2016 calendar year performance period. For each performance share earned, a participant would be awarded an equal number of shares of restricted stock that would vest and cease to be restricted stock in equal 50% installments on each of the second and third anniversaries of the date of grant of the applicable performance share, subject to the participant's continued service. For 2016, the pay-out achievement of the performance shares was 139.2% of target.

(4) On January 22, 2016, Messrs. DeLise and Themelis received retention awards that included, amongst other awards, performance shares that are earned on achieving aggregate operating income targets over three- and four-year measurement periods ending December 31, 2018 and 2019. The threshold payment for performance shares is 50% of the target award amount and the maximum is 150%. All awards vest in equal 50% installments on each of the fourth and fifth anniversaries of the date of grant.

## Outstanding equity awards at fiscal year-end

The following table summarizes unexercised stock options and shares of restricted stock and restricted stock units that had not vested and related information for each of our named executive officers as of December 31, 2016. The market value of restricted stock awards and restricted stock units is based on the closing price of the Company's Common Stock on December 30, 2016 of \$146.92.

Outstanding Equity Awards – Year-End 2016						
Name	Option Awards		Stock Awards			
	Number of	Number of	Number of	Market	Value of	
	Securities	Securities	Shares or	Value of		
	Underlying	Underlying	Units of	Shares or		
	Unexercised	Unexercised	Option	Stock That	Units of	
	Options	Options	Exercise Option	Have Not	Stock That	
	(#)	(#)	Price	Expiration	Vested	Have Not
	Exercisable	Unexercisable	(\$)	Date	(#)(2)	Vested (\$)
Richard M. McVey	287,000	—	10.93	1/15/2018		
	219,969	—	21.56	1/19/2021		
	—	119,981	88.25	7/15/2020		
	—	28,002	101.77	1/15/2022		
	(3)				7,392	1,086,033
	(3)				8,609	1,264,834
	(4)				116,659	17,139,540
	(5)				22,102	3,247,226
	(6)				16,556	2,432,408
	(7)				9,033	1,327,128
Antonio L. DeLise		16,120	103.3	1/22/2022		
	(3)				6,504	955,568
	(3)				693	101,816
	(3)				1,000	146,920
	(5)				1,967	288,992
	(6)				1,824	267,982
	(7)				306	44,958
	(8)				5,200	763,984
Nicholas Themelis	20,064	—	10.93	1/15/2018		
		26,865	103.3	1/22/2022		
	(3)				1,848	271,508

(3)	2,665	391,542
(5)	5,900	866,828
(6)	5,472	803,946
(7)	2,446	359,366
(8)	8,666	1,273,209

- (1) The 119,981 stock options for Mr. McVey will vest one-third on each of January 15, 2018, 2019, and 2020, and of the 28,002 stock options, 9,520 vested on January 31, 2017 and 50% of the remainder will vest each on January 31, 2018 and 2019 subject to his continued employment through the applicable vesting date. The stock options will also vest and become exercisable in the event of certain terminations of his employment. See Executive Compensation — Potential termination or change in control payments and benefits for additional information. The 16,120 stock options for Mr. DeLise and the 26,865 stock options for Mr. Themelis will vest 50% each on January 31, 2020 and 2021.
- (2) Each share of restricted stock and each restricted stock unit represents one share of the Company's Common Stock that is subject to forfeiture if the applicable vesting requirements are not met. Generally, vesting is subject to the NEOs continued employment through the vesting date, except that shares of restricted stock and restricted stock units will vest in the event of certain terminations of employment and in certain circumstances may vest upon a change in control. See Executive Compensation — Potential termination or change in control payments and benefits for additional information.
- (3) These restricted shares and restricted stock units became fully vested on January 31, 2017.
- (4) For Mr. McVey, the performance criteria for the 116,659 shares were met, and they will vest in two equal installments on January 15, 2019 and 2020.
- (5) For Messrs. McVey, DeLise, and Themelis, 11,051 shares, 983 shares, and 2,950 shares vested, respectively, on January 31, 2017 and 11,051 shares, 984 shares, and 2,950 shares will vest, respectively, on January 31, 2018.
- (6) For Mr. McVey, 8,278 shares vested on January 31, 2017, and 8,278 shares will vest on January 31, 2018. For Mr. DeLise, 912 shares vested on January 31, 2017, and 912 shares will vest on January 31, 2018. For Mr. Themelis, 2,736 shares vested on January 31, 2017, and 2,736 shares will vest on January 31, 2018.
- (7) For Mr. McVey, 3,071 shares vested on January 31, 2017 and 2,981 shares will vest each on January 31, 2018 and 2019. For Mr. DeLise, 104 shares vested on January 31, 2017 and 101 shares will vest each on January 31, 2018 and 2019. For Mr. Themelis, 831 shares vested on January 31, 2017, 807 shares will vest on January 31, 2018, and 808 shares will vest on January 31, 2019.
- (8) For Mr. DeLise, 2600 shares will vest on each of January 31, 2020 and 2021. For Mr. Themelis, 4,333 shares will vest on each of January 31, 2020 and 2021.

## Option exercises and stock vested

The following table summarizes each exercise of stock options, each vesting of restricted stock and related information for each of our named executive officers on an aggregated basis during 2016.

2016 Option Exercises and Stock Vesting				
Name	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized
	Acquired on Exercise		Acquired on Vesting	
	(#)	(\$)(1)	(#)	(\$)(2)
Richard M. McVey	89,540	10,173,514	67,337	7,189,652
Antonio L. DeLise	27,000	993,075	11,979	1,255,175
Nicholas Themelis	—	—	15,292	1,662,273

(1) Value realized represents the market value on the date of exercise in excess of the exercise price.

(2) Value realized represents the market value on the date of vesting.

## Nonqualified deferred compensation

The following table sets forth information with respect to vested RSUs held by Messrs. McVey and DeLise as of December 31, 2016, for which they have elected to defer the delivery of the underlying shares until the earlier of (i) separation of service (within the meaning of Code Section 409A), subject to the six-month delay required under Code Section 409A, (ii) a change of control of the Company and (iii) the calendar year in which the applicable anniversary following vesting occurs:

Deferral Elections					
Name	Award / Deferral Date	Amount Deferred (#)	Re-deferral Date	Deferral Period	
				(Months)	
Richard M. McVey, CEO	01/14/2011	67,961	12/01/2015	120	
Richard M. McVey, CEO	01/19/2011	119,565	12/01/2015	120	
Richard M. McVey, CEO	01/13/2012	48,616	N/A	60	
Richard M. McVey, CEO	01/15/2013	44,882		84	
Richard M. McVey, CEO	01/15/2014	26,067		60	
Richard M. McVey, CEO	01/15/2015	25,084		60	
Richard M. McVey, CEO	01/15/2016	9,033		60	
Antonio L. DeLise, CFO	01/13/2012	16,260	10/18/2016	120	
Antonio L. DeLise, CFO	01/15/2014	3,028		60	
Antonio L. DeLise, CFO	01/15/2015	2,763		48	



All NEOs were eligible to elect to defer the settlement of the RSUs awarded in whole or in part (see Long-term incentives — Equity-based Awards above). In addition, for Mr. DeLise, the table includes \$720,000 of the cash bonus paid to Mr. DeLise for performance for 2016 that he voluntarily deferred under our non-qualified deferred cash plan.

#### 2016 Non-qualified Deferred Compensation Table

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Earnings	Withdrawals /	Balance at
	in Last	in Last	in Last	Distributions	Last Fiscal
	in Last Fiscal Year	Fiscal Year	Fiscal Year		Year- End
	(\$)(1)(2)	(\$)	(\$)(3)(4)	(\$)	(\$)(5)
Richard M. McVey, CEO	5,066,044	—	11,442,581	—	46,489,352
Antonio L. DeLise, CFO	1,283,474	—	710,054	—	3,948,605
Nicholas Themelis, CIO	—	—	—	—	—

(1) For Mr. McVey, reflects the market value of the Common Stock underlying 29,758 RSUs that vested on January 15, 2016, 8,609 RSUs that vested on January 31, 2016, and 8,528 RSUs that vested on February 15, 2016 based on the closing price of our Common Stock on such dates of \$101.77, \$116.23, and \$108.82, respectively. In addition, it includes the value as of such dates of amounts accrued and unpaid under dividend equivalent rights in 2011 through 2015 which amounts are equal to any ordinary cash dividends paid the holders of our Common Stock in 2011 through 2015. Such amounts will be paid at the same time the applicable RSU is paid. The amount reported as “Executive Contributions” is not reflected in the Summary Compensation Table for fiscal 2016 as such RSUs were granted in fiscal 2011, 2012, 2013, 2014, and 2015 are reflected in the “Stock Awards” column of the Summary Compensation Table for such year.

For Mr. DeLise, reflects the market value of Common Stock underlying 3,252 RSUs that vested on January 15, 2016, 999 RSUs that vested on January 31, 2016, and 939 RSUs that vested on February 15, 2016 based on the closing price of our Common Stock on such dates of \$101.77, \$116.23, and \$108.82, respectively. In addition, it includes the value as of such date of amounts accrued and unpaid under dividend equivalent rights in 2012 through 2015, which amounts are equal to any ordinary cash dividends paid

the holders of our Common Stock in 2012 through 2015. Such amounts will be paid at the same time the applicable RSU is paid. The amount reported as “Executive Contributions” is not reflected in the Summary Compensation Table for fiscal 2016 as such RSUs were granted in fiscal 2012, 2014 and 2015 and are reflected in the “Stock Awards” column of the Summary Compensation Table for such year.

(2) For Mr. DeLise, his 2016 contributions included \$720,000 that he elected to defer under the voluntary non-qualified deferred cash plan.

(3) Aggregate Earnings with respect to vested and undelivered RSUs includes changes in the market value of the shares of Common Stock underlying the RSUs based on the difference of the closing price of our Common Stock on December 30, 2016 of \$146.92 and the closing price at the time of vesting (see (1) above) and the value of amounts accrued under a dividend equivalent right in 2016 that were unpaid as of December 30, 2016, which amounts are equal to any ordinary cash dividends paid the holders of our Common Stock in 2016. Such amounts will be paid at the same time the applicable RSU is paid. Additionally, Aggregate Earnings include the difference in value of shares of Common Stock underlying the RSUs deferred in 2011 for Mr. McVey, in 2012 for Messrs. McVey and DeLise, in 2013 for Mr. McVey, and in 2014 and 2015 for Messrs. McVey and DeLise at Fiscal Year End 2016 versus Fiscal Year End 2015, as well as the value of accrued but unpaid dividend equivalents. These amounts are not included in the Summary Compensation table because plan earnings were not preferential or above market.

(4) Earnings of \$99,143 were added to Mr. DeLise’s Aggregate Earnings for 2016 representing the returns he earned through the non-qualified deferred cash plan.

(5) The vested and undelivered RSUs were previously reported in the “Stock Awards” column of the Summary Compensation Table for fiscal years 2013, 2014, and 2015, in accordance with SEC rules. The value of the Aggregate Balance at Last Fiscal Year End for the RSUs was determined by adding all Executive Contributions for Fiscal Year-End 2016 to any Aggregate Earnings for Fiscal Year 2016 and the Aggregate Balance at Last Fiscal Year-End as previously reported for year-end 2015 (\$29,980,727 for McVey and \$1,955,077 for Mr. DeLise).

Employment agreements and severance arrangements with our named executive officers

#### Richard M. McVey Employment Agreement

Effective January 15, 2015, Mr. McVey and the Company entered into an amended and restated employment agreement (as amended on January 12, 2017, the “2015 CEO Employment Agreement”) providing for an initial five-year term with successive one-year automatic renewals unless either party elected not to extend the term at least 90 days prior to the last day of the term. The previous CEO employment agreement reached the end of its initial term in 2015, and the 4-year annualization period for the \$5 million equity award which accompanied that agreement in 2011 was concluded. The Compensation Committee reviewed the CEO’s long-term performance and determined to enter into the New CEO Agreement with Mr. McVey (see CEO Employment Agreement in the CD&A).

The 2015 CEO Employment Agreement provides that Mr. McVey would be employed by us as Chief Executive Officer and Chairman of the Board of Directors, and his employment may be terminated by him or by the Company at any time. Mr. McVey’s annual base salary under the 2015 CEO Employment Agreement is a minimum of \$500,000 per year.

Under the 2015 CEO Employment Agreement, Mr. McVey is eligible to receive an annual bonus in accordance with the Company’s annual performance incentive plan as is in effect from time to time and is entitled to participate in all benefit plans and programs available to our other senior executives, at a level commensurate with other senior management of the Company.

The 2015 CEO Employment Agreement provides for severance payments and benefits (subject to Mr. McVey's execution of a waiver and general release) if Mr. McVey's employment is terminated under various conditions. See below under Executive Compensation — potential termination or change in control payments and benefits for a description of such payments and benefits.

The 2015 CEO Employment Agreement provides that any award gains and annual incentive awards received by Mr. McVey are subject to potential claw-back under policies adopted by the Company to comply with applicable law, rules or other regulatory requirements.

For purposes of the 2015 CEO Employment Agreement, "Cause" generally means Mr. McVey's:

- willful misconduct or gross negligence in the performance of his duties;
- conviction of, or plea of guilty or nolo contendere to, a crime relating to us or any of our affiliates, or any felony; or
- material breach of his employment agreement or any other material written agreement with us.

For purposes of the 2015 CEO Employment Agreement, "Good Reason" generally means:

- Mr. McVey's no longer holding the title of Chief Executive Officer, or the failure of the Board to nominate him as a director or, once elected to the Board, the failure of the Board to elect him as Chairman;
- a material diminution in his duties, authorities or responsibilities or the assignment of duties or responsibilities materially adversely inconsistent with his then-current position (other than as a result of his ceasing to be a director);
- our material breach of his employment agreement;
- a relocation of his principal place of business of more than 50 miles; or
- our failure to obtain a reasonably satisfactory written agreement from any successor to all or substantially all of our assets to assume and agree to perform our obligations under his employment agreement.

For purposes of the 2015 CEO Employment Agreement, "Change in Control" generally means:

- an acquisition representing 50% or more of the combined voting power of our then outstanding securities;
- a change in the majority of the members of our Board during any two-year period, unless such members are approved by two-thirds of the Board members who were members at the beginning of such period or members whose nominations were so approved;

our merger or consolidation, other than (a) a transaction resulting in our voting securities outstanding immediately prior thereto continuing to represent more than 50% of the combined voting power of the voting securities of such surviving entity immediately after such transaction or (b) a transaction effected to implement a recapitalization (or similar transaction) in which no person acquires more than 50% of the combined voting power of our then outstanding securities; or  
our stockholders' approval of a plan of complete liquidation or the consummation of the sale or disposition of all or substantially all of our assets other than (a) the sale or disposition of all or substantially all of our assets to a beneficial owner of 50% or more of the combined voting power of our outstanding voting securities at the time of the sale or (b) pursuant to a spinoff type transaction of such assets to our stockholders.

#### Severance Pay Plan

Messrs. DeLise and Themelis do not have employment agreements with us but are entitled to severance payments and benefits under the Company's Severance Pay Plan (the "Severance Plan") in the event their employment is terminated by us for any reason other than a termination for Cause. Effective November 2016, we amended our Severance Plan to provide certain executives, excluding the CEO but including our CFO and CIO ("Participating Executives"), with enhanced benefits for a qualifying termination. The amended provision provides the Participating Executives with 52 weeks of continued base salary and healthcare coverage. In addition, they will receive a severance payment equal to one times the average of the annual full-year cash bonuses received by each respective participant for the three prior years. In consideration of eligibility, the Participating Executives agreed to provide us with not less than three months' prior written notice in the event of a voluntary termination.

"Cause" is generally defined in the Severance Plan as (i) an employee's act or omission resulting or intended to result in personal gain at our expense; (ii) an employee's misconduct; (iii) performance of duties by an employee in a manner we deem to be materially unsatisfactory; (iv) "cause" (or words of like import) as defined in an agreement between us and the employee; or (v) an employee's improper disclosure of proprietary or confidential information or trade secrets, or intellectual property that we are under a duty to protect.

#### Proprietary Information and Non-Competition Agreements

Each of the NEOs has entered into, and is subject to the terms of, a Proprietary Information and Non-Competition Agreement with us that contains, among other things, (i) certain provisions prohibiting disclosure of our confidential information without our prior written consent, (ii) certain non-competition provisions that restrict their engaging in certain activities that are competitive with us during their employment and for one year thereafter for the CEO, and six months thereafter for the CFO and CIO, and (iii) certain non-solicitation provisions that restrict their recruiting, soliciting or hiring our non-clerical employees or consultants, or soliciting any person or entity to terminate, cease, reduce or diminish their relationship with us, during their employment and for two years thereafter.

#### Potential termination or change in control payments and benefits

Mr. McVey is entitled to certain payments and benefits pursuant to his employment agreement and other agreements entered into between us and him upon a termination of his employment in certain circumstances or in the event of a Change in Control of the Company. Messrs. Themelis and DeLise do not have employment agreements with us but are entitled to severance payments and benefits under the Severance Plan and pursuant to certain equity grants.

The following tables estimate the payments we would be obligated to make to each of our NEOs as a result of his termination or resignation under the circumstances shown or because of a Change in Control, in each case assuming such event had occurred on December 31, 2016. We have calculated these estimated payments to meet SEC disclosure requirements. The estimated payments are not necessarily indicative of the actual amounts any of our NEOs would receive in such circumstances. The table excludes (i) compensation amounts accrued through December 31, 2016 that

would be paid in the normal course of continued employment, such as accrued but unpaid salary, and (ii) vested account balances under our 401(k) Plan that are generally available to all of our salaried employees. Where applicable, the information in the table uses a price per share for our Common Stock of \$146.92, the closing price on December 30, 2016. In addition, where applicable, the amounts listed for bonuses reflect the actual amounts paid to the NEOs for performance years 2014 through 2016, since the hypothetical termination or Change in Control date is the last day of the fiscal year for which the bonus is to be determined.

**Payments and Benefits for Mr. McVey, CEO**

	Base Salary	Bonus	Health Benefits	Restricted Stock Acceleration	Performance Award Acceleration	Stock Option Acceleration	Restricted Stock Unit Acceleration	Payment Redemption	Total
	(\$)(1)	(\$)(2)	(\$)(3)	(\$)(4)	(\$)(5)	(\$)(6)	(\$)(7)	(\$)(8)	(\$)(9)
Termination Without Cause or for Good Reason Outside a Change in Control Protection Period ("CCPP")	1,000,000	4,033,333	29,804	10,736,473	—	7,039,285	—	—	22,838,896
Termination i) Without Cause, ii) for Good Reason, and iii) for RSUs only due to Death or by the Company due to Disability, during a CCPP, but prior to a Change in Control	1,000,000	4,033,333	29,804	19,306,170	2,463,114	8,303,576	—	—	35,135,996
Termination i) Without Cause, ii) for Good Reason, and iii) for RSUs only due to Death or by the Company due to Disability,	1,000,000	4,033,333	29,804	21,472,799	2,463,114	8,303,576	3,697,242	—	40,999,867

upon or within 24 months following a Change in Control									
Award is not continued, assumed or has no new rights substituted upon a Change in Control (no termination)	—	—	—	21,472,799	2,463,114	—	3,697,242	—	27,633,155
Termination for Cause or Without Good Reason	—	—	—	—	—	—	—	—	—
Death, or by the Company due to Disability, outside of CCPP	500,000	2,016,667	19,869	21,472,799	1,231,630	4,151,817	4,360,879	—	33,753,662

(1) The CEO Employment Agreement provides that Mr. McVey will receive continued payment of his base salary for 24 months following termination if (i) his employment is terminated outside of a Change in Control Protection Period (as defined below) for any reason other than his death, his voluntary resignation without Good Reason (including due to his providing a notice of non-extension of the term of the agreement at least 90 days prior to the end of the term (a “Non-Extension Notice”), due to our providing a Non-Extension Notice, or by us as a result of his having a disability or for Cause (an “Enhanced Non-Change in Control Termination”), or (ii) he resigns for Good Reason or his employment is terminated for any reason other than his resignation without Good Reason (including due to his providing a Non-Extension Notice), or by us for Cause, in any case, within three months prior to a “change in control event” within the meaning of Section 409A of the Code, or within 18 months after a Change in Control as defined in the agreement (such period a “Change in Control Protection Period” or “CCPP” and any such termination a “Change in Control Termination”).

The CEO Employment Agreement provides that Mr. McVey will receive continued payment of his base salary for 12 months following termination if his employment is terminated outside of a Change in Control Protection Period due to his death, due to our providing a Non-Extension Notice, or by us as a result of his having a disability (a “Standard Non-Change in Control Termination”).

(2) The CEO Employment Agreement provides that Mr. McVey will receive an amount equal to two times his average annual cash bonus for the three years prior to termination (payable in 24 equal monthly installments) in the event of an Enhanced Non-Change in Control Termination or a Change in Control Termination.

The CEO Employment Agreement provides that Mr. McVey will receive an amount equal to his average annual cash bonus for the three years prior to termination (payable in 12 equal monthly installments) in the event of a Standard Non-Change in Control Termination.

- (3) As of December 31, 2016, the CEO Employment Agreement provided that we would pay the cost of continuation health coverage for up to 18 months following an Enhanced Non-Change in Control Termination or a Change in Control Termination. Effective January 2017, the continuation period was extended to 24 months pursuant to an amendment to Mr. McVey's employment agreement. If this amendment had been in effect on December 31, 2016, the cost of providing such continuation coverage for up to 24 months would have been \$39,738. The CEO Employment Agreement provides that we will pay the cost of continuation health coverage for up to 12 months following a Standard Non-Change in Control Termination. In both cases, the payments may be made through continued coverage, if so allowed by the respective plans, or through COBRA.
- (4) Pursuant to the Performance Share Agreements between us and Mr. McVey dated January 15, 2014 and 2015, ("CEO Annual Awards") and January 15, 2015 (the "CEO Retention Equity Award"):
- all unvested shares of restricted stock granted to Mr. McVey upon settlement of his performance shares (the "Settlement Shares") will fully vest upon his death or disability;
  - in the event of a termination of employment without Cause or for Good Reason, 50% of the unvested Settlement Shares will fully vest; and
  - in the event of a Change in Control within three months following Mr. McVey's resignation for Good Reason, a termination without Cause within 24 months following a Change in Control, or if prior to a Change in Control it is determined that the Settlement Shares will not be continued, assumed or have new rights substituted therefor in accordance with the applicable incentive plans, all unvested Settlement Shares will fully.
- (5) Pursuant to the CEO Annual Award between us and Mr. McVey dated January 15, 2016:
- in the event of termination of employment due to death or disability prior to the settlement dates (which occurred in the first fiscal quarter of 2017) (the "Settlement Dates"), under the CEO Annual Award, he would have been entitled to receive 50% of the shares of restricted stock that he would have received had he been employed on the Settlement Date, based on the actual achievement of the performance goal, which shares would have been fully vested on the Settlement; and
  - the Compensation Committee has discretion to determine the treatment of the performance shares upon a Change in Control occurring prior to the Settlement Date based on the likely level of achievement of the performance goal on the Settlement Date. For the purposes of the table above, we have assumed that the Compensation Committee would have granted Mr. McVey the number of shares of restricted stock that would have become fully vested upon a Change in Control based on actual performance.
- (6) Pursuant to the Stock Option Agreements between us and Mr. McVey dated January 15, 2015 and 2016:
- in the event of termination of employment due to death or disability, 50% of the unvested portion of the option will become fully vested and exercisable;



in the event of termination of employment other than voluntary termination or termination for cause, the unvested portions of the options will become fully vested and exercisable.

- (7) If, prior to a Change in Control, the Compensation Committee determines that the restricted stock units granted to Mr. McVey under the Restricted Stock Unit Agreements between us and him dated January 14, 2014 and January 15, 2015 will not be continued, assumed or have new rights substituted therefore, all unvested restricted stock units will fully vest upon the Change in Control. If such awards do not vest upon a Change in Control, then in the event of a termination of employment without Cause upon or within 24 months of a Change in Control, 100% of the restricted stock units granted to Mr. McVey will vest. All of the unvested shares of restricted stock units pursuant to the grants awarded on January 15, 2014 and 2015 will vest upon his death or disability. 50% of the unvested shares of restricted stock units pursuant to a grant awarded on January 15, 2016 will vest upon his death or disability.
- (8) Mr. McVey's employment agreement provides that if any payments or benefits paid or provided to him would be subject to, or result in, the imposition of the excise tax imposed by Section 4999 of the Code, then the amount of such payments will be automatically reduced to one dollar less than the amount that subjects such payment to the excise tax, unless he would, on a net after-tax basis, receive less compensation than if the payment were not so reduced.

#### Payments and Benefits for Mr. DeLise, CFO

	Base Salary	Cash Bonus	Health Benefits	Restricted Stock Acceleration	Performance Award Acceleration	Restricted Stock Unit Acceleration	Stock Option Acceleration	Total	(\$)
	(\$)(1)	(\$)(2)	(\$)(3)	(\$)(4)	(\$)(5)(6)	(\$)(7)	(\$)(8)		
Termination Without Cause	300,000	763,333	29,124	—	—	—	703,154	1,795,611	
Termination Without Cause within 24 months following a Change in Control	300,000	763,333	29,124	390,807	1,561,686	1,415,427	703,154	5,163,532	
Award is not continued, assumed or has no new rights substituted upon a Change in Control	—	—	—	390,807	1,561,686	1,415,427	703,154	4,071,075	
Termination for Cause or Without Good Reason	—	—	—	—	—	—	—	—	
Death/Disability	150,000	381,667	—	195,404	16,896	707,714	351,577	1,803,257	

- (1) In accordance with the Severance Plan and subject to his execution of a separation agreement and release, as a Participating Executive, Mr. DeLise is entitled to 52 weeks of continued base salary upon a termination of his employment without Cause and 26 weeks of continued base salary in the event of death or disability.
- (2) In accordance with the Severance Plan and subject to his execution of a separation agreement and release, as a Participating Executive, Mr. DeLise is entitled to an amount equal to one times his average annual cash bonus for

the three years prior to termination (payable as soon as practical) in the event of a termination of his employment without Cause and 0.5 times his average annual cash bonus for the three years prior to termination in the event of death or disability.

- (3) In accordance with the Severance Plan and subject to his execution of a separation agreement and release, as a Participating Executive, Mr. DeLise is entitled to 52 weeks of continued healthcare coverage upon a termination of his employment without Cause.
- (4) Pursuant to the Performance Share Agreements between us and Mr. DeLise dated January 15, 2014 and January 15, 2015:
  - 50% of the unvested shares of restricted stock granted to Mr. DeLise upon settlement of his performance shares (the “DeLise Settlement Shares”) will fully vest upon his death or disability; and
  - in the event of a termination without Cause within 24 months following a Change in Control, or if prior to a Change in Control it is determined that the DeLise Settlement Shares will not be continued, assumed or have new rights substituted therefor in accordance with the applicable incentive plans, all unvested DeLise Settlement Shares will fully vest. The table above assumes that the DeLise Settlement Shares would have become fully vested upon a Change in Control.
- (5) Pursuant to the Performance Award Agreement between us and Mr. DeLise dated January 15, 2016, in the event of termination of employment due to death or disability prior to the settlement date (which occurred in the first fiscal quarter of 2016) (the “Settlement Date”), then he would have been entitled to receive 50% of the shares of restricted stock that he would have received had he been employed on the Settlement Date, based on the actual achievement of the performance goal, which shares would have been fully vested on the Settlement Date. In addition, the Compensation Committee had discretion to determine the treatment of the performance shares upon a Change in Control occurring prior to the Settlement Date based on the likely level of achievement of the performance goal on the Settlement Date. For the purposes of the table above, we have assumed that the Compensation Committee would have granted Mr. DeLise the maximum number of shares of restricted stock that would have become fully vested upon a Change in Control based on actual performance.
- (6) If prior to a Change in Control, the Compensation Committee determines that the performance shares granted to Mr. DeLise under the Performance Award Agreement dated January 22, 2016 will not be continued, assumed or have new rights substituted therefore, all unvested shares will fully vest upon the Change in Control. If such awards do not vest upon a Change in Control, then in the event of a termination of employment without Cause upon or within 24 months of a Change in Control, 100% of the restricted stock units granted to Mr. DeLise will vest. For purposes of the table above, we have assumed that the Compensation Committee granted Mr. DeLise the target number of shares of restricted stock.
- (7) If prior to a Change in Control, the Compensation Committee determines that the restricted stock units granted to Mr. DeLise under the Restricted Stock Unit Agreements between us and him dated each of January 15, 2012, 2014, 2015, and 2016 will not be continued, assumed or have new rights substituted therefore, all unvested restricted stock units will fully vest upon the Change in Control. If such awards do not vest upon a Change in Control, then in the event of a termination of employment without Cause upon or within 24 months of a Change in Control, 100% of the restricted stock units granted to Mr. DeLise will vest. Fifty percent of the unvested shares of restricted stock units will vest upon his death or disability.
- (8) All unvested stock options pursuant to the Stock Option Agreement between Mr. DeLise and us dated January 22, 2016 will vest in the event of a termination without Cause or if the shares will not be continued, assumed or have new rights substituted in the event of a Change in Control. Fifty percent of the unvested stock options will vest upon his death or disability.

## Payments and Benefits for Mr. Themelis, CIO

	Base Salary	Cash Bonus	Health Benefits	Restricted Stock Acceleration	Performance Share Acceleration	Restricted Stock Unit Acceleration	Stock Option Acceleration	Total	(\$)
	(\$)(1)	(\$)(2)	(\$)(3)	(\$)(4)	(\$)(5)(6)	(\$)(7)	(\$)(8)		
Termination Without Cause	300,000	1,258,333	29,124	—	—	—	1,171,851	2,759,308	
Termination Without Cause within 24 months following a Change in Control	300,000	1,258,333	29,124	1,138,336	2,815,795	1,554,854	1,171,851	8,268,294	
Award is not continued, assumed or has no new rights substituted upon a Change in Control	—	—	—	1,138,336	2,815,795	1,554,854	1,171,851	6,680,837	
Termination for Cause or Without Good Reason	—	—	—	—	—	—	—	—	
Death/Disability	150,000	629,167	—	569,168	134,652	777,427	585,926	2,846,340	

- (1) In accordance with the Severance Plan and subject to his execution of a separation agreement and release, as a Participating Executive, Mr. Themelis is entitled to 52 weeks of continued base salary upon a termination of his employment without Cause and 26 weeks of continued base salary in the event of death or disability.
- (2) In accordance with the Severance Plan and subject to his execution of a separation agreement and release, as a Participating Executive, Mr. Themelis is entitled to an amount equal to one times his average annual cash bonus for the three years prior to termination (payable as soon as practical) in the event of a termination of his employment without Cause and 0.5 times his average annual cash bonus for the three years prior to termination in the event of death or disability.
- (3) In accordance with the Severance Plan and subject to his execution of a separation agreement and release, as a Participating Executive, Mr. Themelis is entitled to 52 weeks of continued healthcare coverage upon a termination of his employment without Cause.
- (4) Pursuant to the Performance Share Agreements between us and Mr. Themelis dated January 15, 2014 and January 15, 2015:
- 50% of the unvested shares of restricted stock granted to Mr. Themelis upon settlement of his performance shares (the "Themelis Settlement Shares") will fully vest upon his death or disability; and
- in the event of a termination without Cause within 24 months following a Change in Control, or if prior to a Change in Control it is determined that the Themelis Settlement Shares will not be continued, assumed or have new rights substituted therefor in accordance with the applicable incentive plans, all unvested Themelis Settlement Shares will fully vest. The table above assumes that the Themelis Settlement Shares would have become fully vested upon a

Change in Control.

- (5) Pursuant to the Performance Award Agreement between us and Mr. Themelis dated January 15, 2016, in the event of termination of employment due to death or disability prior to the settlement date (which occurred in the first fiscal quarter of 2016) (the "Settlement Date"), then he would have been entitled to receive 50% of the shares of restricted stock that he would have received had he been employed on the Settlement Date, based on the actual achievement of the performance goal, which shares would have been fully vested on the Settlement Date. In addition, the Compensation Committee had discretion to determine the treatment of the performance shares upon a Change in Control occurring prior to the Settlement Date based on the likely level of achievement of the performance goal on the Settlement Date. For the purposes of the table above, we have assumed that the Compensation Committee would have granted Mr. Themelis the maximum number of shares of restricted stock that would have become fully vested upon a Change in Control based on actual performance.
- (6) If prior to a Change in Control, the Compensation Committee determines that the performance shares granted to Mr. Themelis under the Performance Award Agreement dated January 22, 2016 will not be continued, assumed or have new rights substituted therefore, all unvested shares will fully vest upon the Change in Control. If such awards do not vest upon a Change in Control, then in the event of a termination of employment without Cause upon or within 24 months of a Change in Control, 100% of the restricted stock units granted to Mr. Themelis will vest. For purposes of the table above, we have assumed that the Compensation Committee granted Mr. Themelis the target number of shares of restricted stock.
- (7) If prior to a Change in Control, the Compensation Committee determines that the restricted stock units granted to Mr. Themelis under the Restricted Stock Unit Agreements between us and him dated each of January 15, 2014, 2015, and 2016 will not be continued, assumed or have new rights substituted therefore, all unvested restricted stock units will fully vest upon the Change in Control. If such awards do not vest upon a Change in Control, then in the event of a termination of employment without Cause upon or within 24 months of a Change in Control, 100% of the restricted stock units granted to Mr. Themelis will vest. Fifty percent of the unvested shares of restricted stock units will vest upon his death or disability.
- (8) All unvested stock options pursuant to the Stock Option Agreement between Mr. Themelis and us dated January 22, 2016 will vest in the event of a termination without Cause or if the shares will not be continued, assumed or have new rights substituted in the event of a Change in Control. Fifty percent of the unvested stock options will vest upon his death or disability.

Compensation plans

For information with respect to the securities authorized for issuance under equity compensation plans, see Equity Compensation Plan Information in Item 12 of our Annual Report on Form 10-K for the year ended December 31, 2016, which has been delivered to you with this Proxy Statement.

Compensation Committee interlocks and insider participation

No member of our Board's Compensation Committee has served as one of our officers or employees at any time. None of our executive officers serves as a member of the compensation committee of any other company that has an executive officer serving as a member of our Board of Directors. None of our executive officers serves as a member of the board of directors of any other company that has an executive officer serving as a member of our Board's Compensation Committee.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Review and approval of related party transactions

Our related parties include our directors, director nominees, executive officers, holders of more than five percent of the outstanding shares of our Common Stock and the foregoing persons' immediate family members. We review relationships and transactions in which the Company and our related parties are participants to determine whether such related persons have a direct or indirect material interest. As required under SEC rules, transactions that are determined to be directly or indirectly material to a related party are disclosed in this Proxy Statement. In addition, the Audit Committee reviews and approves any related party transaction that is required to be disclosed. Set forth below is information concerning transactions with our related parties that is required to be disclosed under SEC rules.

### Transactions with our 5% Stockholders

Each of the 5% stockholders that are listed above under Security Ownership of Certain Beneficial Owners and Management or their affiliated entities is a party to a user agreement or dealer agreement that governs their access to, and activity on, our electronic trading platform. These agreements were each entered into in the normal course of business and provide for the fees and expenses to be paid by such entities for the use of the platform.

### Indemnification agreements

We have entered into an indemnification agreement with each of our outside directors. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

## OTHER MATTERS

### Section 16(a) beneficial ownership reporting compliance

The members of our Board of Directors, our executive officers and persons who hold more than 10% of our outstanding Common Stock are subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, which requires them to file reports with respect to their ownership of our Common Stock and their transactions in such Common Stock. Based solely upon a review of (i) the copies of Section 16(a) reports that MarketAxess has received from such persons for transactions in our Common Stock and their Common Stock holdings for the 2016 fiscal year and (ii) the written representations of such persons that no annual Form 5 reports were required to be filed by them for the fiscal year, the Company believes that all reporting requirements under Section 16(a) for such fiscal year were met in a timely manner by its directors, executive officers and beneficial owners of more than 10% of its Common Stock, except that each non-employee director (other than Mr. Ketchum) inadvertently filed a Form 4 report late reflecting an annual restricted stock grant, and Mr. Casper inadvertently filed a Form 4 report that reflected an inaccurate amount of restricted stock shares for an annual stock grant.

### Other matters

As of the date of this Proxy Statement, the Company knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as such persons deem advisable. Discretionary authority with respect to such other matters is granted by the execution of the enclosed proxy card.

### Stockholder proposals for 2018 Annual Meeting

In order to be considered for inclusion in the Company's proxy statement and proxy card relating to the 2018 Annual Meeting of Stockholders, any proposal by a stockholder submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, must be received by the Company at its principal executive offices in New York, New York, on or before December 28, 2017. In addition, under the Company's bylaws, any proposal for consideration at the 2018 Annual Meeting of Stockholders submitted by a stockholder other than pursuant to Rule 14a-8 will be considered timely if it is received by the Secretary of the Company at its principal executive offices between the close of business on November 28, 2017 and the close of business on December 28, 2017 and is otherwise in compliance with the requirements set forth in the Company's bylaws.

MARKETAXESS HOLDINGS INC. 299 Park Avenue 10th Floor NEW YORK, NY 10171 VOTE BY INTERNET - www.proxyvote.com Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years. VOTE BY PHONE - 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. VOTE BY MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY The Board of Directors recommends you vote FOR the following: 1. Election of Directors Nominees 1a. Richard M. McVey For Against Abstain 0 0 0 The Board of Directors recommends you vote FOR proposals 2 and 3. For Against Abstain 1b. Steven L. Begleiter 0 0 0 2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017. 3. To approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the 2017 Proxy Statement. The Board of Directors recommends you vote 1 YEAR on the 0 0 0 0 0 following proposal: 1 year 2 years 3 years Abstain 4. Advisory vote on frequency of the advisory vote on executive compensation. NOTE: UNLESS OTHERWISE SPECIFIED BY THE UNDERSIGNED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR DIRECTOR LISTED ABOVE AND FOR PROPOSALS 2, AND 3, "1 YEAR" ON THE FREQUENCY OF THE COMPANY'S ADVISORY VOTE ON EXECUTIVE COMPENSATION, AND WILL BE VOTED BY THE PROXYHOLDERS AT THEIR DISCRETION AS TO ANY OTHER MATTERS PROPERLY TRANSACTED AT THE MEETING OR AT ANY POSTPONEMENT OR ADJOURNMENT THEREOF. TO VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS' RECOMMENDATIONS, JUST SIGN BELOW - NO BOXES NEED BE CHECKED. 0 0 0 0 Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer. Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date 0000334816\_1 R1.0.1.15

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2017 ANNUAL MEETING OF STOCKHOLDERS OF MARKETAXESS HOLDINGS INC. June 8, 2017 Please date, sign and mail your proxy card in the envelope provided as soon as possible. Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Combined Shareholder Letter, Proxy Statement and 10-K are available at [www.proxyvote.com](http://www.proxyvote.com) MARKETAXESS HOLDINGS INC. The undersigned hereby appoints Richard M. McVey, Antonio L. DeLise and Scott Pintoff, jointly and severally, as proxies and attorneys of the undersigned, with full power of substitution and resubstitution, to vote all shares of stock which the undersigned is entitled to vote at the Annual Meeting of Stockholders of MarketAxess Holdings Inc. to be held on Thursday, June 8, 2017, or at any postponement or adjournment thereof. You are encouraged to indicate your choices by marking the appropriate boxes, as specified on the reverse side, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. Continued and to be signed on reverse side 0000334816\_2 R1.0.1.15