

MARKETAXESS HOLDINGS INC  
Form 10-Q  
April 28, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-34091

MARKETAXESS HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of

incorporation or organization)

299 Park Avenue, 10th Floor New York, New York  
(Address of principal executive offices)

52-2230784  
(IRS Employer

Identification No.)

10171  
(Zip Code)

(212) 813-6000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 27, 2016, the number of shares of the Registrant's voting common stock outstanding was 37,564,015.

MARKETAXESS HOLDINGS INC.

FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

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## PART I — Financial Information

## Item 1. Financial Statements

## MARKETAXESS HOLDINGS INC.

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Unaudited)

	As of	
	March	December
	31, 2016	31, 2015
	(In thousands, except	
	share and	
	per share amounts)	
<b>ASSETS</b>		
Cash and cash equivalents	\$137,995	\$199,728
Investments, at fair value	147,226	84,706
Accounts receivable, net of allowance of \$119 and \$109 as of		
March 31, 2016 and December 31, 2015, respectively	52,755	40,459
Goodwill and intangible assets, net of accumulated amortization	63,731	64,142
Furniture, equipment, leasehold improvements and capitalized		
software, net of accumulated depreciation and amortization	32,094	30,897
Prepaid expenses and other assets	12,844	9,880
Deferred tax assets, net	5,197	9,229
<b>Total assets</b>	<b>\$451,842</b>	<b>\$439,041</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accrued employee compensation	\$10,910	\$29,296
Income and other tax liabilities	10,915	4,463
Deferred revenue	2,602	2,312
Accounts payable, accrued expenses and other liabilities	16,999	12,257
<b>Total liabilities</b>	<b>41,426</b>	<b>48,328</b>
<b>Commitments and Contingencies (Note 10)</b>	<b>—</b>	<b>—</b>
<b>Stockholders' equity</b>		
Preferred stock, \$0.001 par value, 4,855,000 shares authorized,		
no shares issued and outstanding as of March 31, 2016 and		
December 31, 2015	—	—

Series A Preferred Stock, \$0.001 par value, 110,000 shares authorized, no shares issued and outstanding as of March 31, 2016 and December 31, 2015	—	—
Common stock voting, \$0.003 par value, 110,000,000 shares authorized, 39,990,272 shares and 39,821,519 shares issued and 37,571,415 shares and 37,409,274 shares outstanding as of March 31, 2016 and December 31, 2015, respectively	121	121
Common stock non-voting, \$0.003 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2016 and December 31, 2015	—	—
Additional paid-in capital	324,950	321,215
Treasury stock - Common stock voting, at cost, 2,418,857 and 2,412,245 shares as of March 31, 2016 and December 31, 2015, respectively	(94,604 )	(93,405 )
Retained earnings	187,228	168,011
Accumulated other comprehensive loss	(7,279 )	(5,229 )
Total stockholders' equity	410,416	390,713
Total liabilities and stockholders' equity	\$451,842	\$439,041

The accompanying notes are an integral part of these consolidated financial statements.

## MARKETAXESS HOLDINGS INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
	(In thousands, except per share amounts)	
<b>Revenues</b>		
Commissions	\$79,093	\$67,018
Information and post-trade services	7,779	7,679
Investment income	418	183
Other	1,283	1,891
Total revenues	88,573	76,771
<b>Expenses</b>		
Employee compensation and benefits	24,527	21,174
Depreciation and amortization	4,681	4,612
Technology and communications	4,304	4,338
Professional and consulting fees	3,862	3,282
Occupancy	1,161	992
Marketing and advertising	1,778	1,192
General and administrative	3,890	2,679
Total expenses	44,203	38,269
Income before income taxes	44,370	38,502
Provision for income taxes	15,407	13,909
Net income	\$28,963	\$24,593
<b>Net income per common share</b>		
Basic	\$0.79	\$0.67
Diluted	\$0.77	\$0.65