

MARKETAXESS HOLDINGS INC.

COMPENSATION COMMITTEE CHARTER

I. Purpose

The Compensation Committee (the “Committee”) has the responsibility, as delegated by the Board of Directors (the “Board”), for reviewing and approving the compensation of the Chief Executive Officer (“CEO”) and all other officers of MarketAxess Holdings Inc. (the “Company”), as well as the compensation philosophy, strategy, program design, and administrative practices. The compensation programs to be reviewed and approved by the Committee consist of all forms of compensation, including salaries, cash incentives, stock options and other stock-based awards and benefits.

The Committee also has the responsibility, as delegated by the Board, for reviewing and approving: (i) all incentive and equity-based compensation plans, including, without limitation, the 2004 Annual Performance Incentive Plan, and the 2004 Stock Incentive Plan in which officers may participate; (ii) the Company’s benefit plans that cover only officers, and all related policies, programs and practices; and (iii) arrangements with officers relating to their employment relationships with the Company, including, without limitation, employment agreements, severance agreements, supplemental pension or savings arrangements, deferred compensation, change in control agreements and restrictive covenants. For purposes of this Charter, “officer” shall have the meaning ascribed to such term under Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Under current Rule 16a-1(f), “officer” means the Company’s president, principal financial officer, principal accounting officer (or the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Officers of the Company’s subsidiaries shall be deemed officers of the Company if they perform such policy-making functions for the Company.

The Committee is also responsible for producing a report on executive compensation for inclusion in the Company’s proxy statement for its annual meeting of stockholders and assisting in the preparation of certain other information concerning executive compensation that is required to be included in other periodic reports filed with the Securities and Exchange Commission (“SEC”).

The Committee has the authority to retain any consultant or advisor to assist in the evaluation of executive compensation, including the sole authority to approve such consultants’ or advisors’ fees and to terminate such services. In addition, the Committee may form subcommittees and delegate authority to such subcommittees or individuals as it deems appropriate.

II. Membership

The Committee shall be comprised of no fewer than two directors, each of whom must (a) meet the independence requirements established by the NASDAQ Stock Market (“NASDAQ”) or, with the approval of the Board, satisfy one or more of the exceptions permitted by NASDAQ, (b) be “outside directors,” as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (“Section 162(m)”), and (c) be “non-employee directors,” as defined in Rule 16(b)-3 of the Exchange Act. The Board shall determine from time to time the number of directors that shall constitute the Committee.

The members of the Committee shall be appointed and replaced by the Board. Unless a Chair is appointed by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. Meetings

The Committee shall meet at such times and with such frequency as the Committee shall determine appropriate to meet its responsibilities, but not less than two regularly scheduled meetings each year. Special meetings may be convened as the Committee deems necessary or appropriate. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.

A majority of the members of the Committee shall constitute a quorum to transact business. Members of the Committee may participate in a meeting of the Committee by means of telephone conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Except in extraordinary circumstances as determined by the Chair of the Committee, notice shall be delivered to all Committee members at least 48 hours in advance of the scheduled meeting. Minutes of each meeting will be kept and distributed to the entire Board.

The affirmative vote of a majority of the members of the Committee present at the time of such vote will be required to approve any action of the Committee. Subject to the requirements of any applicable law, regulation or NASDAQ rule, any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members of the Committee. Such written consent shall have the same force as a unanimous vote of the Committee.

IV. Responsibilities and Duties

Executive Compensation

1. With respect to the CEO and the Company's other executive officers, the Committee shall review and approve, on an annual basis, corporate goals and objectives relevant to compensation, evaluate the executive's performance in light of those goals and objectives and determine and approve the executive's compensation level based on this evaluation. In determining the long-term incentive component of the executive's compensation, the Committee shall, to the extent it deems appropriate, consider the Company's performance and relative stockholder return, the value of similar incentive awards to executives at comparable companies, the awards given to the executive in past years and other factors that the Committee deems appropriate in connection with its review.
2. With respect to the CEO and the Company's other executive officers, the Committee shall review and recommend to the Board for approval such compensation policies for the executive as the Committee deems appropriate and shall approve the executive's (a) annual base salary level, (b) annual incentive opportunity level, (c) long-term incentive opportunity level and (d) any special or supplemental benefits. The Committee also shall review and approve the executive's employment agreement, severance arrangements and change in control agreements/provisions.
3. The Committee shall not make any deliberation or approval of any aspect of CEO compensation in the presence of the CEO.

4. The Committee shall not approve any direct or indirect loan, guarantee or other extension of credit to the CEO or any other director or officer of the Company, except as permitted under Section 13(k) of the Exchange Act .

5. The Committee shall annually report to the Company's stockholders on certain executive compensation matters, as required by the rules and regulations of the SEC, as they may be amended from time to time. Such report will be included in the Company's annual proxy statement.

Equity-Based Compensation Plans

6. The Committee shall make recommendations to the Board and to the Company's stockholders (to the extent stockholder approval is required by any applicable law, regulation or NASDAQ rule) for their approval of all stock ownership, stock option and other incentive-compensation and equity-based compensation plans of the Company, and all related policies and programs. In addition, the Committee shall make recommendations to the Board and to the Company's stockholders (to the extent stockholder approval is required by any applicable law, regulation or NASDAQ rule) for their approval all equity-based compensation plans with respect to non-employee directors, and all related policies and programs. The Committee shall review all stock ownership, stock option and other incentive-compensation and equity-based compensation plans of the Company that are not subject to approval by the Company's stockholders.

7. The Committee shall make individual determinations and grant any restricted stock, stock options or other equity-based awards under any equity-based compensation plan, including, without limitation, any stock option plan, other than with respect to non-employee directors.

8. The Committee shall interpret, implement, administer, review and make recommendations to the Board with respect to incentive-compensation plans and equity based compensation plans, including, without limitation, the 2004 Stock Incentive Plan and the 2004 Annual Performance Incentive Plan.

Other Authority and Responsibilities

9. In addition to the authority granted above, the Committee shall also have the authority, to the extent it deems necessary or appropriate to carry out its responsibilities, to retain at the expense of the Company special legal, accounting, actuarial or other consultants to advise the Committee, who may already be employed by the Company for such purposes. The Committee shall have the sole authority to approve such advisors' fees and other retention terms.

10. With respect to plans intended to comply with Section 162(m), the Committee shall have the authority to take all actions necessary or appropriate to comply with Section 162(m), including, without limitation, establishing performance goals in writing within the time prescribed by Section 162(m) and certifying the attainment of such goals in a manner consistent with Section 162(m).

11. The Committee shall recommend to the Board the creation or amendment of any pension, profit-sharing, or tax-qualified employee benefit plan or program of the Company, or any long-term incentive plan whose participants include officers.

12. The Committee shall review plans for the development, retention and replacement of executive officers, as well as review executive succession plans.

13. The Committee may form and delegate authority to subcommittees to the extent the Committee deems necessary or appropriate.
14. The Committee may designate any member of the Committee to execute documents on its behalf as the Committee deems necessary or appropriate to carry out its responsibilities hereunder.
15. The Committee shall report to the Board, as requested by the Board, or as the Committee deems appropriate, but not less frequently than annually.
16. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed change to the Board for its approval. This Charter is in all respects subject and subordinate to the Company's certificate of incorporation and bylaws and the applicable provisions of the General Corporation Law of the State of Delaware.
17. The Committee shall annually review its own performance.

V. General

In addition to the activities described above, the Committee will perform such other functions as are necessary or appropriate in its opinion or in the opinion of the Board under applicable law, the Company's certificate of incorporation and by-laws, and the resolutions and other directives of the Board. This Charter may be amended from time to time by the Board.

Date: October 25, 2004

The information posted is as of the date indicated and, to our knowledge, was timely and accurate when posted. We are under no obligation to update or remove outdated information other than as required by applicable law or regulation.