DEWALT DAVID G
Form 4
March 01, 2019

FORM 4

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DEWALT DAVID G

(Last) (First) (Middle)

C/O FIVE9, INC., BISHOP RANCH 8, 4000 EXECUTIVE PARKWAY, SUITE 400

(Street)

SAN RAMON, CA 94583

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Five9, Inc. [FIVN]

3. Date of Earliest Transaction (Month/Day/Year)
02/27/2019

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/27/2019		S		74,000	D	$ 53.66 (1)	328	I	By Trust
Common Stock	02/28/2019		M		38,000	A	$ 0.96	43,344	D	
Common Stock	02/28/2019		S		38,000	D	$ 53.03 (2)	5,344	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8 D S (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option (right to buy)	$ 0.96	02/28/2019		M			38,000	[(3)](#)	04/27/2022	Common Stock	38,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DEWALT DAVID G C/O FIVE9, INC., BISHOP RANCH 8 4000 EXECUTIVE PARKWAY, SUITE 400 SAN RAMON, CA 94583	X			

Signatures

/s/ David Hill, attorney in fact	03/01/2019
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $53.50 to $53.88, inclusive. The reporting person undertakes to provide Five9, Inc., any security holder of Five9, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote.

(2) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $52.82 to $53.37, inclusive. The reporting person undertakes to provide Five9, Inc., any security holder of Five9, Inc., or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote.

(3) Option began vesting in 48 substantially equal monthly installments beginning on the one-month anniversary of April 27, 2012. The option is fully vested.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ="bottom">

Total distribution fees

29,517	30,338	(821)	(2.7)

Total commissions

$101,384	$87,592	$13,792	15.7%

Variable Transaction Fees

The following table shows the extent to which the increase in commissions for the six months ended June 30, 2013 was attributable to changes in transaction volumes and variable transaction fees per million:

	Change from Six Months Ended June 30, 2012			
	U.S. High-Grade	Other Credit	Liquid Products	Total
	(In thousands)			
Volume increase (decrease)	$ 5,953	$ 6,074	$ (305)	$ 11,722
Variable transaction fee per million (decrease) increase	(453)	3,102	242	2,891
Total commissions increase (decrease)	$ 5,500	$ 9,176	$ (63)	$ 14,613

Our trading volumes for the six months ended June 30, 2013 and 2012 were as follows:

	Six Months Ended June 30,			
	2013	2012	$ Change	% Change
Trading Volume Data (in millions)				
U.S. high-grade fixed rate	$ 209,692	$ 182,683	$ 27,009	14.8%
U.S. high-grade floating rate	9,817	6,309	3,508	55.6
Total U.S. high-grade	219,509	188,992	30,517	16.1
Other credit	91,440	68,943	22,497	32.6
Liquid products	37,102	44,831	(7,729)	(17.2)
Total	$ 348,051	$ 302,766	$ 45,285	15.0%
Number of U.S. Trading Days	124	125		
Number of U.K. Trading Days	124	124		

For volume reporting purposes, transactions in foreign currencies are converted to U.S. dollars at average monthly rates. The 16.1% increase in U.S. high-grade volume was principally due to an increase in our estimated market share of total U.S. high-grade corporate bond volume as reported by FINRA TRACE from 11.8% for the six months ended June 30, 2012 to 13.2% for the six months ended June 30, 2013 coupled with an increase in estimated FINRA TRACE U.S. high-grade volume of 4.3% to $1.7 trillion for the six months ended June 30, 2013 from $1.6 trillion for the six months ended June 30, 2012. Other credit volumes increased by 32.6% for the six months ended June 30, 2013 compared to the six months ended June 30, 2012 primarily due to higher emerging markets and high-yield bond volumes, partially offset by lower European high-grade volumes. Liquid products volume decreased by 17.2% for the six months ended June 30, 2013 compared to the six months ended June 30, 2012, due to lower European government and U.S. agency volumes. Estimated FINRA TRACE U.S. agency volume decreased by 27.2% for the six months ended June, 2013 compared to the six months ended June 30, 2012.

Table of Contents

Our average variable transaction fee per million for the six months ended June 30, 2013 and 2012 was as follows:

	Six Months Ended June 30,	
	2013	2012
U.S. high-grade fixed rate	$ 201	$ 201
U.S. high-grade floating rate	23	26
Total U.S. high-grade	193	195
Other credit	304	270
Liquid products	46	40
Total	206	189

The U.S. high-grade average variable transaction fee per million decreased from $195 for the six months ended June 30, 2012 to $193 for the six months ended June 30, 2013. Other credit average variable transaction fees per million increased from $270 for the six months ended June 30, 2012 to $304 for the six months ended June 30, 2013, primarily due to a larger percentage of volume in products that carry higher fees per million, principally emerging markets and high yield bonds. Liquid products average variable transaction fees per million increased from $40 for the six months ended June 30, 2012 to $46 for the six months ended June 30, 2013, primarily due to a change in the mix of products traded.

Distribution Fees

The $0.7 million decline in other credit distribution fees reflects a reduction to our European fee plan. Monthly distribution fees paid by most of our European broker-dealer market makers were reduced effective March 1, 2012, but the dealer variable fee schedule remained unchanged.

Information and Post-Trade Services. Information and post-trade services increased by $7.2 million or 197.6% to $10.9 million for the six months ended June 30, 2013, from $3.7 million for the six months ended June 30, 2012. Information and post-trade services revenue generated by Xtrakter for the period ended June 30, 2013 was $7.4 million.

Technology Products and Services. Technology products and services revenues increased by $0.5 million or 8.9% to $6.7 million for the six months ended June 30, 2013, from $6.1 million for the six months ended June 30, 2012. The increase was due to higher software license and rental fees.

Investment Income. Investment income decreased by $0.4 million or 69.2% to $0.2 million for the six months ended June 30, 2013, from $0.6 million for the six months ended June 30, 2012. The decrease was due to the reduction in cash and securities available-for-sale related to the acquisition of Xtrakter.

Other. Other income increased by $0.4 million or 23.4% to $2.0 million for the six months ended June 30, 2013, from $1.6 million for the six months ended June, 30 2012. The increase was due to a gain on the sale of U.S. treasuries of $0.8 million to fund the acquisition of Xtrakter, offset by a decrease in initial set-up fees from broker-dealer clients.

Table of Contents

Expenses

Our expenses for the six months ended June 30, 2013 and 2012, and the resulting dollar and percentage changes were as follows:

	Six Months Ended June 30,					
	2013		2012			
	$	% of Revenues	$	% of Revenues	$ Change	% Change
	($ in thousands)					
Employee compensation and benefits	$ 32,280	26.7%	$ 31,146	31.3%	$ 1,134	3.6%
Depreciation and amortization	7,073	5.8	3,815	3.8	3,258	85.4
Technology and communications	7,290	6.0	5,970	6.0	1,320	22.1
Professional and consulting fees	9,327	7.7	5,861	5.9	3,466	59.1
Occupancy	2,219	1.8	1,516	1.5	703	46.4
Marketing and advertising	2,417	2.0	3,179	3.2	(762)	(24.0)
General and administrative	4,686	3.9	4,125	4.1	561	13.6
Total expenses	$ 65,292	53.9%	$ 55,612	55.9%	$ 9,680	17.4%

Employee Compensation and Benefits. Employee compensation and benefits increased by $1.1 million or 3.6% to $32.3 million for the six months ended June 30, 2013, from $31.1 million for the six months ended June 30, 2012. The increase was primarily due to higher wages and benefits of $3.0 million and an increase in employee incentive compensation costs of $0.9 million, offset by the favorable out- of-period adjustment of $2.9 million.

Depreciation and Amortization. Depreciation and amortization increased by $3.3 million or 85.4% to $7.1 million for the six months ended June 30, 2013, from $3.8 million for the six months ended June 30, 2012. The increase was principally due to higher amortization of software development costs of $0.7 million resulting from increased product development, higher production equipment depreciation of $0.6 million due to the 2012 disaster recovery data center build-out and the out-of-period adjustment of $1.3 million. For the six months ended June 30, 2013 and 2012, $7.4 million and $1.0 million, respectively, of equipment purchases and $3.3 million and $2.6 million, respectively, of software development costs were capitalized. The higher equipment purchases were primarily due to the build-out of a replacement primary production data center in 2013.

Technology and Communications. Technology and communications expenses increased by $1.3 million or 22.1% to $7.3 million for the six months ended June 30, 2013 from $6.0 million for the six months ended June 30, 2012. The increase was mainly due to technology and communications costs from Xtrakter of $0.8 million and an increase in IT licenses and maintenance of $0.5 million.

Professional and Consulting Fees. Professional and consulting fees increased by $3.5 million or 59.1% to $9.3 million for the six months ended June 30, 2013, from $5.9 million for the six months ended June 30, 2012. The increase was primarily due to approximately $1.2 million in investment banking, legal and other professional fees related to the Xtrakter acquisition, Xtrakter professional and consulting fees of $0.6 million, higher recruiting costs of $0.7 million and higher information technology consulting expenses of $0.5 million.

Occupancy. Occupancy costs increased by $0.7 million or 46.4% to $2.2 million for the six months ended June 30, 2013, from $1.5 million for the six months ended June 30, 2012 principally related to office space occupied by Xtrakter in London.

Marketing and Advertising. Marketing and advertising expenses decreased by $0.8 million or 24.0% to $2.4 million for the six months ended June 30, 2013, from $3.2 million for the six months ended June 30, 2012. The decrease was principally due to lower advertising expenses related to new product initiatives and lower sales travel and entertainment expenses.

General and Administrative. General and administrative expenses increased by $0.6 million or 13.6% to $4.7 million for the six months ended June 30, 2013, from $4.1 million for the six months ended June 30, 2012. The increase in general and administrative expenses was primarily attributable to approximately $0.4 million of transaction costs related to the Xtrakter acquisition.

Provision for Income Tax. For the six months ended June 30, 2013 and 2012, an income tax provision of $21.2 million and $17.8 million, respectively, were recorded. The increase in the tax provision was primarily due to an increase in income before taxes. Our consolidated effective tax rate for the six months ended June 30, 2013 was 37.9%, compared to 40.6% for the six months ended June 30, 2012. The income tax provision for the six months ended June 30, 2013 includes a benefit for certain 2012 tax credits enacted into law in 2013 amounting to approximately $0.4 million. Our consolidated effective tax rate can vary from period to period depending on, among other factors, the geographic and business mix of our earnings and changes in tax legislation and tax rates.

Table of Contents

Liquidity and Capital Resources

During the past three years, we have met our cash needs through cash on hand and internally generated funds. Cash and cash equivalents and securities available-for-sale totaled $149.9 million at June 30, 2013.

On January 14, 2013, we entered into a three-year credit agreement that provides for revolving loans and letters of credit up to an aggregate of $50.0 million. Subject to satisfaction of certain specified conditions, we are permitted to upsize the credit facility by an additional $50.0 million in total. As of June 30, 2013, there was $49.9 million available to borrow under the credit facility.

Our cash flows were as follows:

	Six Months Ended June 30,	
	2013	2012
	(In thousands)	
Net cash provided by operating activities	$ 30,249	$ 25,895
Net cash (used in) provided by investing activities	(12,379)	15,013
Net cash (used in) financing activities	(11,386)	(80,465)
Effect of exchange rate changes on cash and cash equivalents	76	(468)
Net increase (decrease) for the period	$ 6,560	$ (40,025)

Net cash provided by operating activities was $30.2 million for the six months ended June 30, 2013 compared to $25.9 million for the six months ended June 30, 2012. The $4.4 million increase in net cash provided by operating activities was primarily due to an increase in net income of $8.5 million and an increase in depreciation and amortization of $1.9 million, offset by an increase in working capital of $4.1 million and the non-cash out-of-period adjustment of $1.0 million. The working capital increase was largely due to growth in accounts receivable resulting from the increase in revenues.

Net cash used in investing activities was $12.4 million for the six months ended June 30, 2013 compared to net cash provided by investing activities of $15.0 million for the six months ended June 30, 2012. On February 28, 2013, we acquired Xtrakter for $37.8 million in cash, net of cash acquired. Net proceeds of securities available-for-sale were $36.1 million and $18.6 million for the six months ended June 30, 2013 and 2012, respectively. Capital expenditures were $10.7 million and $3.6 million for the six months ended June 30, 2013 and 2012, respectively. The higher capital expenditures during the six months ended June 30, 2013 were primarily due to the build-out of a replacement primary production data center in 2013.

Net cash used in financing activities was $11.4 million for the six months ended June 30, 2013 compared to $80.5 million for the six months ended June 30, 2012. The $69.1 million decrease in net cash used in financing activities was principally due to the 2012 repurchase of our common stock of $71.1 million, offset by an increase in cash dividends paid on common stock of $2.0 million.

Free cash flow is defined as cash flow from operating activities less expenditures for furniture, equipment and leasehold improvements and capitalized software development costs. For the 12 months ended June 30, 2013 and 2012, free cash flow was $68.5 million and $64.4 million, respectively. Free cash flow is a non-GAAP financial measure. We believe that this non-GAAP financial measure, when taken into consideration with the corresponding GAAP financial measures, is important in gaining an understanding of the our financial strength and cash flow generation.

Past trends of cash flows are not necessarily indicative of future cash flow levels. A decrease in cash flows may have a material adverse effect on our liquidity, business and financial condition.

Table of Contents

Other Factors Influencing Liquidity and Capital Resources

We are dependent on our broker-dealer clients, who are not restricted from buying and selling fixed-income securities with institutional investors, either directly or through their own proprietary or third-party platforms. None of our broker-dealer clients is contractually or otherwise obligated to continue to use our electronic trading platform. The loss of, or a significant reduction in the use of our electronic platform by, our broker-dealer clients could reduce our cash flows, affect our liquidity and have a material adverse effect on our business, financial condition and results of operations.

We believe that our current resources are adequate to meet our liquidity needs and capital expenditure requirements for at least the next 12 months. However, our future liquidity and capital requirements will depend on a number of factors, including expenses associated with product development and expansion and new business opportunities that are intended to further diversify our revenue stream. We may also acquire or invest in technologies, business ventures or products that are complementary to our business. In the event we require any additional financing, it will take the form of equity or debt financing. Any additional equity offerings may result in dilution to our stockholders. Any debt financings, if available at all, may involve restrictive covenants with respect to dividends, issuances of additional capital and other financial and operational matters related to our business.

We have three regulated subsidiaries, MarketAxess Corporation, MarketAxess Europe Limited and MarketAxess Canada Ltd. MarketAxess Corporation is a registered broker-dealer in the U.S., MarketAxess Europe Limited is a registered multilateral trading facility in the U.K. and MarketAxess Canada Ltd. is a registered Alternative Trading System in the Province of Ontario. As such, they are subject to minimum regulatory capital requirements imposed by their respective market regulators that are intended to ensure general financial soundness and liquidity based on certain minimum capital requirements. The relevant regulations prohibit a registrant from repaying borrowings from its parent or affiliates, paying cash dividends, making loans to its parent or affiliates or otherwise entering into transactions that result in a significant reduction in its regulatory net capital position without prior notification to or approval from its principal regulator. The capital structures of our subsidiaries are designed to provide each with capital and liquidity consistent with its business and regulatory requirements. On July 12, 2013, MarketAxess SEF Corporation, a U.S. subsidiary, filed an application to register a swap execution facility (the SEF) with the CFTC. The SEF will be subject to various CFTC regulations, including maintenance of a minimum level of financial resources, estimated at inception to be approximately $4.0 million.

The following table sets forth the capital requirements, as defined, that our subsidiaries were required to maintain as of June 30, 2013:

	MarketAxess Corporation	MarketAxess Europe Limited	MarketAxess Canada Limited
		(In thousands)	
Net capital	$ 45,779	$ 16,345	$ 426
Minimum net capital required	2,028	3,190	262
Excess net capital	$ 43,751	$ 13,155	$ 164

We execute certain bond transactions between and among institutional investor and broker-dealer clients on a riskless principal basis by serving as counterparty to both the buyer and the seller in matching back-to-back trades, which are then settled through a third-party clearing organization. We act as intermediary on a riskless principal basis in these bond transactions by serving as counterparty to the two clients involved. Settlement typically occurs within one to three trading days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded. Under securities clearing agreements with the independent third party, we maintain collateral deposits with the clearing broker in the form of cash. As of June 30, 2013, the amount of the collateral deposits included in prepaid expenses and other assets in the Consolidated Statements of Financial Condition were $0.9 million. We are exposed to credit risk in the event a counterparty does not fulfill its obligation to complete a transaction. Pursuant to the terms of the securities clearing agreements between us and the independent clearing broker, the clearing broker has the right to charge us for losses resulting from a counterparty s failure to fulfill its contractual obligations. The losses are not capped at a maximum amount and apply to all trades executed through the clearing broker. At June 30, 2013, we have not recorded any liabilities with regard to this right.

Table of Contents

In the ordinary course of business, we enter into contracts that contain a variety of representations, warranties and general indemnifications. Our maximum exposure from any claims under these arrangements is unknown, as this would involve claims that have not yet occurred. However, based on past experience, we expect the risk of loss to be remote.

In October 2011, our Board of Directors authorized a share repurchase program for up to $35.0 million of our common stock. As of June 30, 2013, we repurchased 955,342 shares of common stock at a cost of $29.2 million. No shares were repurchased during the six months ended June 30, 2013. Shares repurchased under the program will be held in treasury for future use.

In October 2009, our Board of Directors approved our first regular quarterly dividend. In July 2013, our Board of Directors approved a quarterly cash dividend of $0.13 per share, which will be paid on August 22, 2013 to stockholders of record as of the close of business on August 8, 2013. We expect the total amount payable to be approximately $4.9 million. We expect to continue paying regular cash dividends, although there is no assurance as to such dividends. Any future declaration and payment of dividends will be at the sole discretion of our Board of Directors.

Effects of Inflation

Because the majority of our assets are short-term in nature, they are not significantly affected by inflation. However, the rate of inflation may affect our expenses, such as employee compensation, office leasing costs and communications expenses, which may not be readily recoverable in the prices of our services. To the extent inflation results in rising interest rates and has other adverse effects on the securities markets, it may adversely affect our financial condition and results of operations.

Contractual Obligations and Commitments

There was no significant change in our contractual obligations and commitments for the six months ended June 30, 2013.

During the third quarter of 2013, we expect to execute a lease for approximately 16,000 square feet of office space in London, England. The lease expires in January 2027 and has a break clause in January 2017. Aggregate lease payments through the final lease termination date will be approximately $13.8 million.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Market risk is the risk of loss resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Market Risk

The global financial services business is, by its nature, risky and volatile and is directly affected by many national and international factors that are beyond our control. Any one of these factors may cause a substantial decline in the U.S. and global financial services markets, resulting in reduced trading volume and revenues. These events could have a material adverse effect on our business, financial condition and results of operations.

As of June 30, 2013, we had a $14.5 million investment in securities available-for-sale. Adverse movements, such as a 10% decrease in the value of these securities or a downturn or disruption in the markets for these securities, could result in a substantial loss. In addition, principal gains and losses resulting from these securities could on occasion have a disproportionate effect, positive or negative, on our financial condition and results of operations for any particular reporting period.

Interest Rate Risk

Interest rate risk represents our exposure to interest rate changes with respect to the money market instruments and fixed-income securities in which we invest. As of June 30, 2013, our cash and cash equivalents and securities available-for-sale amounted to $149.9 million and were primarily in money market instruments and municipal securities. We do not maintain an inventory of bonds that are traded on our platform.

Table of Contents

Derivative Risk

Our limited derivative risk stems from our activities in the foreign currency forward contract market. We use this market to mitigate our U.S. dollar versus Pound Sterling exposure that arises from the activities of our U.K. subsidiary. As of June 30, 2013, the notional fair value of our foreign currency forward contract was $27.1 million. We do not speculate in any derivative instruments.

Credit Risk

We act as a riskless principal through two of our regulated subsidiaries in certain transactions that we execute between clients. We act as an intermediary in these transactions by serving as counterparty to both the buyer and the seller in matching back-to-back bond trades, which are then settled through a third-party clearing organization. Settlement typically occurs within one to three trading days after the trade date. Cash settlement of the transaction occurs upon receipt or delivery of the underlying instrument that was traded.

We are exposed to credit risk in our role as trading counterparty to our clients. We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Adverse movements in the prices of securities that are the subject of these transactions can increase our risk. Where the unmatched position or failure to deliver is prolonged, there may also be regulatory capital charges required to be taken by us. There can be no assurance that these policies and procedures will effectively mitigate our credit risk exposure.

Item 4. *Controls and Procedures*

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as that term is defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of June 30, 2013. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed by MarketAxess in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and to ensure that information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Changes in Internal Control over Financial Reporting.* There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2013 identified in connection with the evaluation thereof by our management, including the Chief Executive Officer and Chief Financial Officer, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II   Other Information

Item 1. ***Legal Proceedings***

On January 2, 2013, a former employee filed a complaint against us with the U.S. Department of Labor alleging retaliatory employment practices in violation of the whistleblower provisions of the Sarbanes-Oxley Act. The relief sought includes, among other things, reinstatement, back pay and compensatory and punitive damages. We believe the complaint is without merit and intend to vigorously defend against the allegations. We filed a response to the complaint on February 26, 2013. Given the preliminary stage and the inherent uncertainty of the potential outcome of such proceedings, we cannot estimate the reasonably possible range of loss at this time. Based on the available information, we believe that the low end of the reasonably possible range of loss is zero and, accordingly, no loss accrual has been provided in our accompanying financial statements.

Item 1A. ***Risk Factors***

Risks that could have a negative impact on our business, results of operations and financial condition include: the volatility of financial services markets generally; the level of trading volume transacted on the MarketAxess platform; the absolute level and direction of interest rates and the corresponding volatility in the corporate fixed-income market; the level and intensity of competition in the fixed-income electronic trading industry and the pricing pressures that may result; the variability of our growth rate; the rapidly evolving nature of the electronic financial services industry; our ability to introduce new fee plans and our clients response; our exposure to risks resulting from non-performance by counterparties to transactions executed between our clients in which we act as an intermediary in matching back-to-back trades; our dependence on our broker-dealer clients; the loss of any of our significant institutional investor clients; our ability to develop new products and offerings and the market s acceptance of those products; the effect of rapid market or technological changes on us and the users of our technology; our ability to successfully maintain the integrity of our trading platform and our response to system failures, capacity constraints and business interruptions; our vulnerability to cyber security risks; our ability to protect our intellectual property rights or technology and defend against intellectual property infringement or other claims; our ability to enter into strategic alliances and to acquire other businesses and successfully integrate them with our business; our ability to comply with new laws, rules and regulations both domestically and internationally; our ability to maintain effective compliance and risk management methods; the strain of growth initiatives on management and other resources; our future capital needs and our ability to obtain capital when needed; limitations on our operating flexibility contained in our credit agreement; and other factors. The Company s actual results and financial condition may differ, perhaps materially, from the anticipated results and financial condition in any such forward-looking statements. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. A more detailed description of each of these and other important risk factors can be found under the caption Risk Factors in our most recent Form 10-K for the year ended December 31, 2012. There have been no material changes to the risk factors described in such Form 10-K.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

During the quarter ended June 30, 2013, we repurchased the following shares of common stock:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Dollar Value of Shares That May Yet Be Purchased Under the Plans (In thousands)
April 1, 2013 April 30, 2013		$		$ 5,847
May 1, 2013 May 31, 2013				$ 5,847
June 1, 2013 June 30, 2013				$ 5,847

$

37

Table of Contents

In October 2011, our Board of Directors authorized a share repurchase program for up to $35.0 million of our common stock. As of June 30, 2013, we repurchased 955,342 shares of common stock at a cost of $29.2 million. No shares were repurchased during the three months ended June 30, 2013. Shares repurchased under the program will be held in treasury for future use.

Item 3. ***Defaults upon Senior Securities***

None.

Item 4. ***Mine Safety Disclosures***

Not applicable

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit Listing:

Number	Description
31.1	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**

** Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in XBRL(eXtensible Business Reporting Language): (i) Consolidated Statements of Financial Condition as of June 30, 2013 and December 31, 2012; (ii) Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2013 and 2012; (iii) Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2013 and 2012; (iv) Consolidated Statement of Stockholders Equity for the Six Months Ended June 30, 2013; (v) Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2013 and 2012; and (vi) Notes to the Consolidated Financial Statements.

Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

38

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	MARKETAXESS HOLDINGS INC.
Date: July 26, 2013	By: /s/ RICHARD M. MCVEY Richard M. McVey Chief Executive Officer (principal executive officer)
Date: July 26, 2013	By: /s/ ANTONIO L. DELISE Antonio L. DeLise Chief Financial Officer (principal financial and accounting officer)

39