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

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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 001-33812

MSCI INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or other jurisdiction of Incorporation or Organization)**	**13-4038723** **(I.R.S. Employer Identification Number)**
7 World Trade Center **250 Greenwich Street, 49th Floor** **New York, New York** **(Address of Principal Executive Offices)**	**10007** **(Zip Code)**

Registrant's telephone number, including area code: (212) 804-3900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	**MSCI**	**New York Stock Exchange**

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 July 21, 2020, there were 83,637,180 shares of the registrant's common stock, par value $0.01, outstanding.

FOR THE QUARTER ENDED JUNE 30, 2020

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AVAILABLE INFORMATION

MSCI Inc.'s website is *www.msci.com.* You can access MSCI Inc.'s Investor Relations homepage at *http://ir.msci.com.* MSCI Inc. makes available free of charge, on or through its Investor Relations homepage, its proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. MSCI Inc. also makes available, through its Investor Relations homepage, via a link to the SEC's website, statements of beneficial ownership of MSCI Inc.'s equity securities filed by its directors, officers, 5% or greater shareholders and others under Section 16 of the Exchange Act.

You can access information about MSCI Inc.'s corporate governance at *http://ir.msci.com/corporate-governance.cfm*, including copies of the following:

- Charters for MSCI Inc.'s Audit Committee, Compensation & Talent Management Committee, Nominating and Corporate Governance Committee and Strategy and Finance Committee;
- Corporate Governance Policies;
- Procedures for Submission of Ethical or Accounting Related Complaints; and
- Code of Ethics and Business Conduct.

MSCI Inc.'s Code of Ethics and Business Conduct applies to all directors, officers and employees, including its Chief Executive Officer and its Chief Financial Officer. MSCI Inc. will post any amendments to the Code of Ethics and Business Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange LLC on its website. You can request a copy of these documents, excluding exhibits, at no cost, by contacting Investor Relations, MSCI Inc., 7 World Trade Center, 250 Greenwich Street, 49th Floor, New York, NY 10007; (212) 804-5306. The information on MSCI Inc.'s website is not incorporated by reference into this report or any other report filed or furnished by us with the SEC.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential" or "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond MSCI's control and that could materially affect actual results, levels of activity, performance or achievements.

Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in the 2019 Annual Report on Form 10-K filed with the SEC on February 18, 2020 and in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. If any of these risks or uncertainties materialize, or if MSCI's underlying assumptions prove to be incorrect, actual results may vary significantly from what MSCI projected. Any forward-looking statement in this report reflects MSCI's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to MSCI's operations, results of operations, growth strategy and liquidity. MSCI assumes no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise, except as required by law.

WEBSITE AND SOCIAL MEDIA DISCLOSURE

MSCI Inc. uses its website, including its quarterly updates, blog, podcasts and social media channels, including its corporate Twitter account (@MSCI_Inc) as channels of distribution of company information. The information MSCI Inc. posts through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following MSCI Inc.'s press releases, quarterly SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about MSCI Inc. when you enroll your email address by visiting the "Email Alerts Subscription" section of its Investor Relations homepage at http://ir.msci.com/email-alerts. The contents of MSCI Inc.'s website, including its quarterly updates, blog, podcasts and social media channels are not, however, incorporated by reference into this report or any other report filed or furnished by us with the SEC.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands, except per share and share data)

	As of	
	June 30, 2020	December 31, 2019
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,384,977	$ 1,506,567
Accounts receivable, net of allowances	466,096	499,268
Prepaid income taxes	18,829	31,590
Prepaid and other assets	39,969	44,352
Total current assets	1,909,871	2,081,777
Property, equipment and leasehold improvements, net	83,264	90,708
Right of use assets	158,408	166,406
Goodwill	1,559,565	1,562,868
Intangible assets, net	246,868	261,487
Equity method investment	190,856	—
Deferred tax assets	20,664	20,911
Other non-current assets	17,922	20,282
Total assets	$ 4,187,418	$ 4,204,439
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 6,996	$ 6,498
Income taxes payable	30,899	14,210
Accrued compensation and related benefits	90,517	166,273
Other accrued liabilities	129,478	139,149
Deferred revenue	587,113	574,656
Total current liabilities	845,003	900,786
Long-term debt	3,364,789	3,071,926
Long-term operating lease liabilities	156,662	164,144
Deferred tax liabilities	54,582	66,639
Other non-current liabilities	77,314	77,658
Total liabilities	4,498,350	4,281,153
Commitments and Contingencies (see Note 7)		
Shareholders' equity (deficit):		
Preferred stock (par value $0.01, 100,000,000 shares authorized; no shares issued)	—	—
Common stock (par value $0.01; 750,000,000 common shares authorized; 132,809,979 and 132,419,412 common shares issued and 83,633,414 and 84,794,930 common shares outstanding at June 30, 2020 and December 31, 2019, respectively)	1,328	1,324
Treasury shares, at cost (49,176,565 and 47,624,482 common shares held at June 30, 2020 and December 31, 2019, respectively)	(3,968,544)	(3,565,784)
Additional paid in capital	1,380,772	1,351,031
Retained earnings	2,346,580	2,199,294
Accumulated other comprehensive loss	(71,068)	(62,579)
Total shareholders' equity (deficit)	(310,932)	(76,714)
Total liabilities and shareholders' equity (deficit)	$ 4,187,418	$ 4,204,439

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
	(unaudited)			
Operating revenues	$ 409,616	$ 385,558	$ 826,396	$ 756,939
Operating expenses:				
Cost of revenues	70,456	71,975	145,065	154,321
Selling and marketing	51,617	51,657	107,166	107,705
Research and development	22,534	23,752	49,096	46,924
General and administrative	28,309	26,378	59,142	53,875
Amortization of intangible assets	14,062	12,013	27,838	23,806
Depreciation and amortization of property, equipment and leasehold improvements	7,463	7,405	15,030	15,255
Total operating expenses	194,441	193,180	403,337	401,886
Operating income	215,175	192,378	423,059	355,053
Interest income	(771)	(3,345)	(4,254)	(7,431)
Interest expense	41,227	35,915	81,458	71,830
Other expense (income)	35,552	63	43,839	2,617
Other expense (income), net	76,008	32,633	121,043	67,016
Income before provision for income taxes	139,167	159,745	302,016	288,037
Provision for income taxes	24,044	34,055	38,768	(15,845)
Net income	$ 115,123	$ 125,690	$ 263,248	$ 303,882
Earnings per basic common share	$ 1.38	$ 1.48	$ 3.12	$ 3.60
Earnings per diluted common share	$ 1.36	$ 1.47	$ 3.10	$ 3.55
Weighted average shares outstanding used in computing earnings per share				
Basic	83,666	84,750	84,268	84,503
Diluted	84,349	85,393	84,948	85,522

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(unaudited)			
Net income	$ 115,123	$ 125,690	$ 263,248	$ 303,882
Other comprehensive (loss) income:				
Foreign currency translation adjustments	1,562	(853)	(10,801)	680
Income tax effect	(379)	308	2,089	(39)
Foreign currency translation adjustments, net	1,183	(545)	(8,712)	641
Pension and other post-retirement adjustments	(88)	(51)	218	(31)
Income tax effect	41	39	5	30
Pension and other post-retirement adjustments, net	(47)	(12)	223	(1)
Other comprehensive (loss) income, net of tax	1,136	(557)	(8,489)	640
Comprehensive income	$ 116,259	$ 125,133	$ 254,759	$ 304,522

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(in thousands)

	Common Stock	Treasury Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
			(unaudited)			
Balance at December 31, 2019	$ 1,324	$ (3,565,784)	$ 1,351,031	$ 2,199,294	$ (62,579)	$ (76,714)
Net income				148,125		148,125
Cumulative-effect adjustment				631		631
Dividends declared ($0.68 per common share)				(59,233)		(59,233)
Dividends paid in shares			78			78
Other comprehensive income (loss), net of tax					(9,625)	(9,625)
Common stock issued	4					4
Shares withheld for tax withholding		(47,195)				(47,195)
Compensation payable in common stock			15,333			15,333
Common stock repurchased and held in treasury		(325,699)				(325,699)
Common stock issued to Directors and (held in)/released from treasury		(36)				(36)
Balance at March 31, 2020	1,328	(3,938,714)	1,366,442	2,288,817	(72,204)	(354,331)
Net income				115,123		115,123
Dividends declared ($0.68 per common share)				(57,360)		(57,360)
Dividends paid in shares			36			36
Other comprehensive income (loss), net of tax					1,136	1,136
Common stock issued						—
Shares withheld for tax withholding and exercises		(603)				(603)
Compensation payable in common stock			14,294			14,294
Common stock repurchased and held in treasury		(31,071)				(31,071)
Common stock issued to Directors and (held in)/released from treasury		1,844				1,844
Exercise of stock options						—
Balance at June 30, 2020	$ 1,328	$ (3,968,544)	$ 1,380,772	$ 2,346,580	$ (71,068)	$ (310,932)
Balance at December 31, 2018	$ 1,300	$ (3,272,774)	$ 1,306,428	$ 1,856,951	$ (58,399)	$ (166,494)
Net income				178,192		178,192
Dividends declared ($0.58 per common share)				(55,339)		(55,339)
Dividends paid in shares			93			93
Other comprehensive income (loss), net of tax					1,197	1,197
Common stock issued	23					23
Shares withheld for tax withholding and exercises		(182,385)				(182,385)
Compensation payable in common stock and options			9,590			9,590
Common stock repurchased and held in treasury		(102,081)				(102,081)
Common stock issued to Directors and (held in)/released from treasury		(30)				(30)
Exercise of stock options			726			726
Balance at March 31, 2019	$ 1,323	$ (3,557,270)	$ 1,316,837	$ 1,979,804	$ (57,202)	$ (316,508)
Net income				125,690		125,690
Dividends declared ($0.58 per common share)				(49,613)		(49,613)
Dividends paid in shares			30			30
Other comprehensive income (loss), net of tax					(557)	(557)
Common stock issued						—
Shares withheld for tax withholding and exercises		(742)				(742)
Compensation payable in common stock and options			10,566			10,566
Common stock repurchased and held in treasury						—
Common stock issued to Directors and (held in)/released from treasury		(833)				(833)
Exercise of stock options			165			165
Balance at June 30, 2019	$ 1,323	$ (3,558,845)	$ 1,327,598	$ 2,055,881	$ (57,759)	$ (231,802)

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, 2020	2019
	(unaudited)	
Cash flows from operating activities		
Net income	$ 263,248	$ 303,882
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	27,838	23,806
Stock-based compensation expense	29,265	19,968
Depreciation and amortization of property, equipment and leasehold improvements	15,030	15,255
Amortization of right of use assets	12,017	11,203
Amortization of debt origination fees	2,231	1,970
Loss on extinguishment of debt	44,930	—
Income from equity method investments	(87)	—
Deferred taxes	(9,844)	(5,309)
Other non-cash adjustments	669	(26)
Changes in assets and liabilities:		
Accounts receivable	32,131	35,614
Prepaid income taxes	12,364	(62,555)
Prepaid and other assets	3,849	3,375
Accounts payable	(101)	(413)
Accrued compensation and related benefits	(69,324)	(47,588)
Income taxes payable	16,187	(5,555)
Other accrued liabilities	(8,631)	(1,496)
Deferred revenue	14,818	(9,420)
Long-term operating lease liabilities	(11,615)	(9,139)
Other	411	3,773
Net cash provided by operating activities	375,386	277,345
Cash flows from investing activities		
Acquisition of equity method investment	(190,816)	—
Capitalized software development costs	(14,761)	(11,103)
Capital expenditures	(7,597)	(9,434)
Proceeds from the sale of capital equipment	—	10
Net cash used in investing activities	(213,174)	(20,527)
Cash flows from financing activities		
Proceeds from borrowings	1,405,000	—
Repayment of borrowings	(1,142,382)	—
Proceeds from exercise of stock options	—	891
Repurchase of common stock held in treasury	(404,567)	(285,209)
Payment of debt issuance costs in connection with debt	(16,693)	—
Payment of dividends	(116,409)	(107,231)
Net cash used in financing activities	(275,051)	(391,549)
Effect of exchange rate changes	(8,751)	1,672
Net decrease in cash	(121,590)	(133,059)
Cash and cash equivalent, beginning of period	1,506,567	904,176
Cash and cash equivalent, end of period	$ 1,384,977	$ 771,117
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 90,623	$ 69,859
Cash paid for income taxes	$ 19,560	$ 55,742
Supplemental disclosure of non-cash investing activities		
Property, equipment and leasehold improvements accrued, but not yet paid	$ 5,092	$ 3,638
Supplemental disclosure of non-cash financing activities		
Cash dividends declared, but not yet paid	$ 1,129	$ 485

See Notes to Condensed Consolidated Financial Statements (Unaudited)

MSCI INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. INTRODUCTION AND BASIS OF PRESENTATION

MSCI Inc., together with its wholly owned subsidiaries (the "Company" or "MSCI") provides critical decision support tools and services that bring greater transparency to the global financial markets. MSCI's tools and services include indexes; portfolio construction tools and risk-management services; environmental, social and governance ("ESG") research and ratings; and real estate benchmarks, return analytics services and market insights; much of which can be accessed by clients through multiple channels and platforms.

Basis of Presentation and Use of Estimates

These unaudited condensed consolidated financial statements include the accounts of MSCI and its wholly owned subsidiaries and include all adjustments of a normal, recurring nature necessary to state fairly the financial condition as of June 30, 2020 and December 31, 2019, the results of operations, comprehensive income and shareholders' equity (deficit) for the three and six months ended June 30, 2020 and 2019 and cash flows for the six months ended June 30, 2020 and 2019. The unaudited condensed consolidated statement of financial condition and related financial statement information as of December 31, 2019 have been derived from the 2019 audited consolidated financial statements but do not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in MSCI's Annual Report on Form 10-K for the year ended December 31, 2019. The results of operations for interim periods are not necessarily indicative of results for the entire year.

The Company's unaudited condensed consolidated financial statements are prepared in accordance with GAAP. These accounting principles require the Company to make certain estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the unaudited condensed consolidated financial statements, as well as the reported amounts of revenue and expenses during the periods presented. Significant estimates and assumptions made by management include the deferral and recognition of revenue, research and development and software capitalization, assessment of impairment of long-lived assets, accrued compensation, income taxes, incremental borrowing rates and other matters that affect the unaudited condensed consolidated financial statements and related disclosures. The Company believes that estimates used in the preparation of these unaudited condensed consolidated financial statements are reasonable; however, actual results could differ materially from these estimates. Intercompany balances and transactions are eliminated in consolidation.

Concentrations

For the six months ended June 30, 2020 and 2019, BlackRock, Inc. accounted for 10.9% and 11.6% of the Company's consolidated operating revenues, respectively. For the six months ended June 30, 2020 and 2019, BlackRock, Inc. accounted for 17.9% and 19.4% of the Index segment operating revenues, respectively. No single customer represented 10.0% or more of operating revenues within the Analytics and All Other segments for the six months ended June 30, 2020 and 2019.

Allowance for Credit Losses on Accounts Receivable

Following the adoption of Accounting Standards Update No. 2016-13, "*Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*," effective beginning January 1, 2020, the Company records an allowance on customer accounts at the time of billing based on the estimated amount of the billing that will not be collected.

Changes in the allowance for credit losses on doubtful accounts receivable from December 31, 2018 to June 30, 2020 were as follows:

	Amount (in thousands)
Balance as of December 31, 2018	$ 1,027
Addition (reduction) to credit loss expense	1,024
Write-offs, net of recoveries	(336)
Balance as of December 31, 2019	$ 1,715
Addition (reduction) to credit loss expense	661
Adjustments and write-offs, net of recoveries	(1,181)
Balance as of June 30, 2020	$ 1,195

2. RECENT ACCOUNTING STANDARDS UPDATES

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,"* or ASU 2016-13. The amendments in ASU 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination.

The FASB issued Accounting Standards Update No. 2018-19, *"Codification Improvements to Topic 326, Financial Instruments—Credit Losses,"* or ASU 2018-19, Accounting Standards Update No. 2019-04, *"Codification Improvements to Topic 326, Financial Instruments—Credit Losses,"* or ASU 2019-04, Accounting Standards Update No. 2019-05, *"Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief,"* or ASU 2019-05, Accounting Standards Update No. 2019-10, *"Financial Instruments-Credit Losses (Topic 326): Effective Dates,"* or ASU 2019-10 and Accounting Standards Update No. 2019-11, *"Codification Improvements to Topic 326, Financial Instruments—Credit Losses,"* or ASU 2019-11. The amendments in these ASUs provide clarifications to ASU 2016-13.

The Company adopted ASU 2016-13 and the related clarifications effective January 1, 2020. The adoption did not have a material effect on the Company's condensed consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, *"Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,"* or ASU 2017-04. The amendments in ASU 2017-04 simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity performed procedures to determine the fair value at the impairment testing date of its assets and liabilities. When applying the amendments in ASU 2017-04, an entity performs its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, but not more than the total amount of goodwill allocated to the reporting unit. The Company adopted ASU 2017-04 effective January 1, 2020.

3. REVENUE RECOGNITION

MSCI's revenues are characterized by product type, which broadly reflects the nature of how they are recognized. The Company's revenue types are recurring subscription, asset-based fees and non-recurring revenues. The Company also reports revenues by segment.

The tables that follow present the disaggregated revenues for the periods indicated (in thousands):

	For the Three Months ended June 30, 2020			
	Segments			
	Index	Analytics	All Other	Total
Revenue Types				
Recurring subscriptions	$ 145,404	$ 126,189	$ 38,291	$ 309,884
Asset-based fees	88,075	—	—	88,075
Non-recurring	9,429	1,374	854	11,657
Total	$ 242,908	$ 127,563	$ 39,145	$ 409,616

	For the Six Months ended June 30, 2020			
	Segments			
	Index	Analytics	All Other	Total
Revenue Types				
Recurring subscriptions	$ 285,244	$ 250,254	$ 78,811	$ 614,309
Asset-based fees	188,271	—	—	188,271
Non-recurring	18,649	2,817	2,350	23,816
Total	$ 492,164	$ 253,071	$ 81,161	$ 826,396

	For the Three Months ended June 30, 2019			
	Segments			
	Index	Analytics	All Other	Total
Revenue Types				
Recurring subscriptions	$ 132,145	$ 121,699	$ 35,305	$ 289,149
Asset-based fees	87,733	—	—	87,733
Non-recurring	5,672	1,982	1,022	8,676
Total	$ 225,550	$ 123,681	$ 36,327	$ 385,558

	For the Six Months ended June 30, 2019			
	Segments			
	Index	Analytics	All Other	Total
Revenue Types				
Recurring subscriptions	$ 259,819	$ 241,809	$ 69,885	$ 571,513
Asset-based fees	169,541	—	—	169,541
Non-recurring	10,963	3,307	1,615	15,885
Total	$ 440,323	$ 245,116	$ 71,500	$ 756,939

The tables that follow present the change in accounts receivable and in deferred revenue between the dates indicated (in thousands):

	Accounts receivable	Deferred revenue
Opening (12/31/2019)	$ 499,268	$ 574,656
Closing (06/30/2020)	466,096	587,113
Increase/(decrease)	$ (33,172)	$ 12,457

	Accounts receivable	Deferred revenue
Opening (12/31/2018)	$ 473,433	$ 537,977
Closing (06/30/2019)	438,313	528,919
Increase/(decrease)	$ (35,120)	$ (9,058)

The amounts of revenue recognized in the periods that were included in the opening current deferred revenue, which reflects contract liability amounts, were $385.6 million and $367.2 million for the six months ended June 30, 2020 and 2019, respectively. The difference between the opening and closing balances of the Company's deferred revenue was primarily driven by an increase in the amortization of deferred revenue to operating revenues, partially offset by an increase in billings. MSCI had an insignificant long-term deferred revenue balance as of June 30, 2020, reflected as a part of "Other non-current liabilities" on its Unaudited Condensed Consolidated Statement of Financial Condition.

For contracts that have a duration of one year or less, the Company has not disclosed either the remaining performance obligation as of the end of the reporting period or when the Company expects to recognize the revenue. The remaining performance obligations for contracts that have a duration of greater than one year and the periods in which they are expected to be recognized are as follows:

	As of June 30, 2020 (in thousands)
First 12-month period	$ 364,198
Second 12-month period	159,119
Third 12-month period	58,956
Periods thereafter	10,426
Total	$ 592,699

4. EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period. Common shares outstanding include common stock and vested restricted stock unit awards where recipients have satisfied either the explicit vesting terms or retirement-eligible requirements. Diluted EPS reflects the assumed conversion of all dilutive securities.

The following table presents the computation of basic and diluted EPS:

(in thousands, except per share data)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net income	$ 115,123	$ 125,690	$ 263,248	$ 303,882
Basic weighted average common shares outstanding	83,666	84,750	84,268	84,503
Effect of dilutive securities:				
Stock options and restricted stock units	683	643	680	1,019
Diluted weighted average common shares outstanding	84,349	85,393	84,948	85,522
Earnings per basic common share	$ 1.38	$ 1.48	$ 3.12	$ 3.60
Earnings per diluted common share	$ 1.36	$ 1.47	$ 3.10	$ 3.55

5. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements, net consisted of the following as of the specified dates:

	As of June 30, 2020	As of December 31, 2019
	(in thousands)	
Computer & related equipment	$ 191,910	$ 185,794
Furniture & fixtures	13,621	12,478
Leasehold improvements	55,176	52,339
Work-in-process	4,192	8,667
Subtotal	264,899	259,278
Accumulated depreciation and amortization	(181,635)	(168,570)
Property, equipment and leasehold improvements, net	$ 83,264	$ 90,708

Depreciation and amortization expense of property, equipment and leasehold improvements was $7.5 million and $7.4 million for the three months ended June 30, 2020 and 2019, respectively. Depreciation and amortization expense of property, equipment and leasehold improvements was $15.0 million and $15.3 million for the six months ended June 30, 2020 and 2019, respectively.

6. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The following table presents goodwill by reportable segment:

(in thousands)	Index	Analytics	All Other	Total
Goodwill at December 31, 2019	$ 1,204,694	$ 290,976	$ 67,198	$ 1,562,868
Foreign exchange translation adjustment	(2,247)	—	(1,056)	(3,303)
Goodwill at June 30, 2020	$ 1,202,447	$ 290,976	$ 66,142	$ 1,559,565

Intangible Assets, Net

Amortization expense related to intangible assets for the three months ended June 30, 2020 and 2019 was $14.1 million and $12.0 million, respectively. The amortization expense of acquired intangible assets for the three months ended June 30, 2020 and 2019 was $8.6 million and $8.7 million, respectively. The amortization expense of internally developed capitalized software for the three months ended June 30, 2020 and 2019 was $5.5 million and $3.3 million, respectively.

Amortization expense related to intangible assets for the six months ended June 30, 2020 and 2019 was $27.8 million and $23.8 million, respectively. The amortization expense of acquired intangible assets for the six months ended June 30, 2020 and 2019 was $17.4 million and $17.4 million, respectively. The amortization expense of internally developed capitalized software for the six months ended June 30, 2020 and 2019 was $10.4 million and $6.4 million, respectively.

The gross carrying and accumulated amortization amounts related to the Company’s intangible assets were as follows:

	As of	
	June 30, 2020	December 31, 2019
	(in thousands)	
Gross intangible assets:		
Customer relationships	$ 356,700	$ 356,700
Trademarks/trade names	207,300	207,300
Technology/software	276,502	263,719
Proprietary data	28,627	28,627
Subtotal	869,129	856,346
Foreign exchange translation adjustment	(10,331)	(7,615)
Total gross intangible assets	$ 858,798	$ 848,731
Accumulated amortization:		
Customer relationships	$ (242,561)	$ (231,665)
Trademarks/trade names	(138,642)	(133,305)
Technology/software	(218,632)	(209,878)
Proprietary data	(14,833)	(13,963)
Subtotal	(614,668)	(588,811)
Foreign exchange translation adjustment	2,738	1,567
Total accumulated amortization	$ (611,930)	$ (587,244)
Net intangible assets:		
Customer relationships	$ 114,139	$ 125,035
Trademarks/trade names	68,658	73,995
Technology/software	57,870	53,841
Proprietary data	13,794	14,664
Subtotal	254,461	267,535
Foreign exchange translation adjustment	(7,593)	(6,048)
Total net intangible assets	$ 246,868	$ 261,487

The following table presents the estimated amortization expense for the remainder of the year ending December 31, 2020 and succeeding years:

Years Ending December 31,	Amortization Expense
	(in thousands)
Remainder of 2020	$ 28,930
2021	54,854
2022	47,570
2023	36,815
2024	33,623
Thereafter	45,076
Total	$ 246,868

7. COMMITMENTS AND CONTINGENCIES

Legal matters. From time to time, the Company is party to various litigation matters incidental to the conduct of its business. The Company is not presently party to any legal proceedings the resolution of which the Company believes would have a material effect on its business, operating results, financial condition or cash flows.

Senior Unsecured Notes. The Company had an aggregate of $3,400.0 million in senior unsecured notes (collectively, the "Senior Notes") outstanding at June 30, 2020, consisting of five discrete private offerings presented in the table below:

	Maturity Date	Principal Amount Outstanding at June 30, 2020	Carrying Value at June 30, 2020	Carrying Value at December 31, 2019	Fair Value at June 30, 2020	Fair Value at December 31, 2019
				(in thousands)		
Long-term debt						
5.25% senior unsecured notes due 2024	November 15, 2024	$ -	$ -	$ 297,835	$ -	$ 309,225
5.75% senior unsecured notes due 2025	August 15, 2025	-	-	794,063	-	840,872
4.75% senior unsecured notes due 2026	August 1, 2026	500,000	495,922	495,587	519,395	525,800
5.375% senior unsecured notes due 2027	May 15, 2027	500,000	495,493	495,168	531,420	541,300
4.000% senior unsecured notes due 2029	November 15, 2029	1,000,000	989,819	989,273	1,021,580	1,018,820
3.625% senior unsecured notes due 2030	September 1, 2030	400,000	395,223	-	399,244	-
3.875% senior unsecured notes due 2031	February 15, 2031	1,000,000	988,332	-	1,021,260	-
Total long-term debt		$ 3,400,000	$ 3,364,789	$ 3,071,926	$ 3,492,899	$ 3,236,017

Interest payments attributable to the Senior Notes are due as presented in the following table:

	First semi-annual interest payment date	Second semi-annual interest payment date
Senior Notes		
4.75% senior unsecured notes due 2026	February 1	August 1
5.375% senior unsecured notes due 2027	May 15	November 15
4.000% senior unsecured notes due 2029	May 15	November 15
3.625% senior unsecured notes due 2030(1)	March 1	September 1
3.875% senior unsecured notes due 2031(2)	June 1	December 1

(1) The first payment occurring on September 1, 2020.
(2) The first payment occurring on December 1, 2020.

The fair market value of the Company's debt obligations is determined in accordance with accounting standards related to the determination of fair value and represents Level 2 valuations, which are based on one or more quoted prices in markets that are not considered to be active or for which all significant inputs are observable, either directly or indirectly. The Company utilizes the market approach and obtains security pricing from a vendor who uses broker quotes and third-party pricing services to determine fair values.

The $500.0 million aggregate principal amount of 4.75% senior unsecured notes due 2026 (the "2026 Senior Notes") are scheduled to mature and be paid in full on August 1, 2026. At any time prior to August 1, 2021, the Company may redeem all or part of the 2026 Senior Notes upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2026 Senior Notes, together with accrued and unpaid interest, on or after August 1, 2021, at redemption prices set forth in the indenture governing the 2026 Senior Notes.

The $500.0 million aggregate principal amount of 5.375% senior unsecured notes due 2027 (the “2027 Senior Notes”) are scheduled to mature and be paid in full on May 15, 2027. At any time prior to May 15, 2022, the Company may redeem all or part of the 2027 Senior Notes upon not less than 30 nor more than 60 days’ prior notice at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2027 Senior Notes, together with accrued and unpaid interest, on or after May 15, 2022, at redemption prices set forth in the indenture governing the 2027 Senior Notes. At any time prior to May 15, 2021, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2027 Senior Notes, including any permitted additional notes, at a redemption price equal to 105.375% of the principal amount plus accrued and unpaid interest, if any, to the redemption date.

The $1,000.0 million aggregate principal amount of 4.000% senior unsecured notes due 2029 (the “2029 Senior Notes”) are scheduled to mature and be paid in full on November 15, 2029. At any time prior to November 15, 2024, the Company may redeem all or part of the 2029 Senior Notes at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2029 Senior Notes, together with accrued and unpaid interest, on or after November 15, 2024, at redemption prices set forth in the indenture governing the 2029 Senior Notes. At any time prior to November 15, 2022, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2029 Senior Notes, including any permitted additional notes, at a redemption price equal to 104.000% of the principal amount plus accrued and unpaid interest, if any, to the redemption date.

On March 4, 2020, the Company issued $400.0 million aggregate principal amount of 3.625% senior unsecured notes due 2030 (the “2030 Senior Notes”) in a private offering that was exempt from the registration requirements of the Securities Act of 1933, as amended. The Company used a portion of the net proceeds from the 2030 Senior Notes to redeem the $300.0 million aggregate principal amount that remained outstanding on its 5.250% senior unsecured notes due 2024 (the “2024 Senior Notes”). The early redemption of the 2024 Senior Notes resulted in a $10.0 million loss on debt extinguishment recorded in other expense (income), which included a redemption price of approximately $7.9 million (as set forth in the indenture governing the terms of the 2024 Senior Notes) and the write-off of approximately $2.1 million of unamortized debt issuance costs associated with the 2024 Senior Notes.

The 2030 Senior Notes are scheduled to mature and be paid in full on September 1, 2030. At any time prior to March 1, 2025, the Company may redeem all or part of the 2030 Senior Notes at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest and additional interest, if any, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2030 Senior Notes, together with accrued and unpaid interest, on or after March 1, 2025, at redemption prices set forth in the indenture governing the 2030 Senior Notes. At any time prior to March 1, 2023, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2030 Senior Notes, including any permitted additional notes, at a redemption price equal to 103.625% of the principal amount plus accrued and unpaid interest, if any, to the redemption date.

On May 26, 2020, the Company issued $1,000.0 million aggregate principal amount of 3.875% senior unsecured notes due 2031 (the “2031 Senior Notes”) in a private offering that was exempt from the registration requirements of the Securities Act of 1933, as amended. The Company used a portion of the net proceeds from the 2031 Senior Notes for the early redemption of all of the outstanding $800.0 million aggregate principal amount of 5.75% senior unsecured notes due 2025 (the "2025 Senior Notes"). The early redemption of the 2025 Senior Notes resulted in an approximately $35.0 million loss on extinguishment recorded in other expense (income). The loss on extinguishment included an applicable premium of approximately $29.5 million (as defined in the indenture governing the terms of the 2025 Senior Notes) and the write-off of approximately $5.5 million unamortized debt issuance costs associated with the 2025 Senior Notes.

The 2031 Senior Notes are scheduled to mature and be paid in full on February 15, 2031. At any time prior to June 1, 2025, the Company may redeem all or part of the 2031 Senior Notes at a redemption price equal to the sum of (i) 100% of the principal amount thereof, plus (ii) a make-whole premium as of the date of redemption, plus (iii) accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, the Company may redeem all or part of the 2031 Senior Notes, together with accrued and unpaid interest, on or after June 1, 2025, at redemption prices set forth in the indenture governing the 2031 Senior Notes. At any time prior to June 1, 2023, the Company may use the proceeds of certain equity offerings to redeem up to 35% of the aggregate principal amount of the 2031 Senior Notes, including any permitted additional notes, at a redemption price equal to 103.875% of the principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date, so long as at least 50% of the aggregate principal amount of all notes (excluding any additional notes, if any) issued under the indenture governing the 2031 Senior Notes remain outstanding after each such redemption occurs.

Revolver. On November 20, 2014, the Company entered into a $200.0 million senior unsecured revolving credit agreement (as amended, the “Revolving Credit Agreement”) with a syndicate of banks. The Revolving Credit Agreement had an initial term of five years with an option to extend for two additional one-year terms. On August 4, 2016, the Company entered into Amendment No. 1 (the “First Amendment”) to the Revolving Credit Agreement. The First Amendment, among other things, (i) increased aggregate commitments available to be borrowed to $220.0 million, (ii) increased the maximum consolidated leverage ratio and (iii) extended the initial term to August 2021 with an option to extend for an additional one-year term. On May 15, 2018, the Company entered into Amendment No. 2 (the “Second Amendment”) to the Revolving Credit Agreement. The Second Amendment, among other things, (i) increased aggregate commitments available to be borrowed to $250.0 million, (ii) extended the term to May 2023 with an option to extend for an additional one-year term and (iii) decreased the applicable rate and applicable fee rate for loans and commitments. On November 15, 2019, the Company entered into Amendment No. 3 (the "Third Amendment") to the Revolving Credit Agreement. The Third Amendment, among other things, (i) increased aggregate commitments available to be borrowed to $400.0 million, (ii) extended the term to November 2024 with an option to extend for an additional one-year term, (iii) decreased the applicable rate and applicable fee rate for loans and commitments and (iv) amended certain restrictive covenants that limit, among other things, the Company's financial flexibility. At June 30, 2020, the Revolving Credit Agreement was undrawn.

In connection with the closings of the Senior Notes offerings and entry into the Revolving Credit Agreement and the First, Second and Third Amendments, the Company paid certain financing fees which, together with the existing fees related to prior credit facilities, are being amortized over their related lives. At June 30, 2020, $37.2 million of the deferred financing fees remain unamortized, $0.5 million of which is included in "Prepaid and other assets," $1.5 million of which is included in "Other non-current assets" and $35.2 million of which is grouped and presented as part of "Long-term debt" on the Unaudited Condensed Consolidated Statement of Financial Condition.

8. LEASES

The Company recognized a total of $8.9 million and $7.3 million of operating lease expenses for the three months ended June 30, 2020 and 2019, respectively. The Company recognized a total of $17.8 million and $14.5 million of operating lease expenses for the six months ended June 30, 2020 and 2019, respectively. The amounts associated with variable lease costs, short-term lease costs and sublease income were not material for both the three and six months ended June 30, 2020 and 2019.

Future minimum commitments for the Company's operating leases in place as of June 30, 2020, the interest and other relevant line items in the Unaudited Condensed Consolidated Statement of Financial Condition are as follows:

Maturity of Lease Liabilities (in thousands)		**Operating Leases**
Remainder of 2020	$	12,736
2021		28,129
2022		24,614
2023		23,577
2024		18,346
Thereafter		102,321
Total lease payments	$	209,723
Less: Interest		(31,853)
Present value of lease liabilities	$	177,870
Other accrued liabilities	$	21,208
Long-term operating lease liabilities	$	156,662

Lease term and discount rate for the Company's operating leases in place as of June 30, 2020 are as follows:

Lease Term and Discount Rate	**As of June 30, 2020**
Weighted-average remaining lease term (years)	9.34
Weighted-average discount rate	3.41%

Other information for the Company's operating leases in place for the six months ended June 30, 2020 are as follows:

Other Information (in thousands)		**Six Months Ended June 30, 2020**
Operating cash flows used for operating leases	$	15,355
Leased assets obtained in exchange for new operating lease liabilities	$	7,491

9. SHAREHOLDERS' EQUITY (DEFICIT)

Return of capital.

On October 26, 2016, the Board of Directors approved a stock repurchase program for the purchase of up to $750.0 million worth of shares of the Company's common stock (together with the amount then remaining under a previously existing share repurchase program, the "2016 Repurchase Program").

On May 1, 2018, the Board of Directors authorized an additional stock repurchase program for the purchase of up to $1,000.0 million worth of shares of the Company's common stock in addition to the $523.1 million of authorization then remaining under the 2016 Repurchase Program (the "2018 Repurchase Program").

On October 29, 2019, the Board of Directors authorized an additional stock repurchase program for the purchase of up to $750.0 million worth of shares of MSCI's common stock in addition to the $706.1 million of authorization remaining under the 2018 Repurchase Program (the "2019 Repurchase Program") for a total of $1,456.1 million of stock repurchase authorization. Share repurchases made pursuant to the 2019 Repurchase Program may take place in the open market or in privately negotiated transactions from time to time based on market and other conditions. This authorization may be modified, suspended or terminated by the Board of Directors at any time without prior notice. As of June 30, 2020, there was $1,099.3 million of available authorization remaining under the 2019 Repurchase Program.

The following table provides information with respect to repurchases of the Company's common stock made on the open market:

Six Months Ended	Average Price Paid Per Share	Total Number of Shares Repurchased	Dollar Value of Shares Repurchased
		(in thousands)	
June 30, 2020	$ 250.65	1,423	$ 356,770
June 30, 2019	$ 147.97	690	$ 102,081

The following table presents dividends declared per common share as well as total amounts declared, distributed and deferred for the periods indicated:

(in thousands, except per share amounts)	Dividends			
	Per Share	Declared	Distributed	(Released)/Deferred
2020				
Three Months Ended March 31,	$ 0.68	$ 59,233	$ 59,455	$ (222)
Three Months Ended June 30,	0.68	57,360	57,068	292
Total	$ 1.36	$ 116,593	$ 116,523	$ 70
2019				
Three Months Ended March 31,	$ 0.58	$ 55,339	$ 57,988	$ (2,649)
Three Months Ended June 30,	0.58	49,613	49,365	248
Total	$ 1.16	$ 104,952	$ 107,353	$ (2,401)

Common Stock.

The following table presents activity related to shares of common stock issued and repurchased during the six months ended June 30, 2020:

	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Balance at December 31, 2019	132,419,412	(47,624,482)	84,794,930
Dividend payable/paid	259	(120)	139
Common stock issued	377,843	—	377,843
Shares withheld for tax withholding	—	(153,923)	(153,923)
Shares repurchased under stock repurchase programs	—	(1,309,878)	(1,309,878)
Shares issued to directors	21	—	21
Balance at March 31, 2020	132,797,535	(49,088,403)	83,709,132
Dividend payable/paid	114	(114)	—
Common stock issued	10,101	—	10,101
Shares withheld for tax withholding	—	(1,838)	(1,838)
Shares repurchased under stock repurchase programs	—	(113,494)	(113,494)
Shares issued to directors	2,229	27,284	29,513
Balance at June 30, 2020	132,809,979	(49,176,565)	83,633,414

10. INCOME TAXES

The Company's provision for income taxes was an expense of $38.8 million and a benefit of $15.8 million for the six months ended June 30, 2020 and 2019, respectively. These amounts reflect effective tax rates of 12.8% and negative 5.5% for the six months ended June 30, 2020 and 2019, respectively.

The effective tax rate of 12.8% for the six months ended June 30, 2020 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain discrete items totaling $34.1 million. For the six months ended June 30, 2020, these discrete items primarily related to $21.5 million of excess tax benefits recognized on the conversion of equity awards during the period and $11.5 million related to the tax impact of loss on debt extinguishment recognized during the period on the redemption of the 2024 Senior Notes and 2025 Senior Notes. Also included in the discrete items is a $0.8 million benefit related to the revaluation of the cost of deemed repatriation of foreign earnings. In addition, the effective tax rate was impacted by a beneficial geographic mix of earnings.

The effective tax rate of negative 5.5% for the six months ended June 30, 2019 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain discrete items totaling $78.6 million. For the six months ended June 30, 2019, these discrete items primarily related to $66.6 million of excess tax benefits recognized on the conversion during the period of certain multi-year restricted stock units that were subject to the achievement of multi-year total shareholder return targets (performance targets subject to market conditions) granted in 2016 ("2016 multi-year PSUs") and $11.0 million of excess tax benefits related to the conversion of other equity awards recognized during the period. In addition, the effective tax rate was impacted by a beneficial geographic mix of earnings.

During the six months ended June 30, 2020, a number of countries enacted economic stimulus laws including the CARES Act in the U.S. The Company has evaluated the laws that were passed during the six months ended June 30, 2020 and does not believe the laws have a material impact on the Company's effective tax rate or cash flows. A number of the laws, however, have enabled the Company to defer certain eligible tax payments that would have fallen due into later quarters.

The Company is under examination by the IRS and other tax authorities in certain jurisdictions, including foreign jurisdictions, such as the United Kingdom, Switzerland and India, and states in which the Company has significant operations, such as New York. The tax years currently under examination vary by jurisdiction but include years ranging from 2007 through 2019.

The Company regularly assesses the likelihood of additional assessments in each of the taxing jurisdictions in which it files income tax returns. The Company has established unrecognized tax benefits that the Company believes are adequate in relation to the potential for additional assessments. Once established, the Company adjusts unrecognized tax benefits only when more information is available or when an event occurs necessitating a change. As part of the Company's periodic review of unrecognized tax benefits and based on new information regarding the status of federal and state examinations, the Company's unrecognized tax benefits were remeasured. Based on the current status of income tax audits, the total amount of unrecognized benefits may decrease by approximately $9.6 million in the next twelve months as a result of the resolution of tax examinations.

11. SEGMENT INFORMATION

ASC Subtopic 280-10, “Segment Reporting,” establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or CODM, in deciding how to allocate resources and assess performance. MSCI’s Chief Executive Officer and its President and Chief Operating Officer, who are together considered to be its CODM, review financial information presented on an operating segment basis for purposes of making operating decisions and assessing financial performance.

The CODM measures and evaluates reportable segments based on segment operating revenues as well as Adjusted EBITDA and other measures. The Company excludes the following items from segment Adjusted EBITDA: provision for income taxes, other expense (income), net, depreciation and amortization of property, equipment and leasehold improvements, amortization of intangible assets and, at times, certain other transactions or adjustments, including the impact related to the vesting of the 2016 Multi-Year PSUs, that the CODM does not consider for the purposes of making decisions to allocate resources among segments or to assess segment performance. Although these amounts are excluded from segment Adjusted EBITDA, they are included in reported consolidated net income and are included in the reconciliation that follows.

The Company’s computation of segment Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies because all companies do not calculate segment Adjusted EBITDA in the same fashion.

Operating revenues and expenses directly associated with each segment are included in determining its operating results. Other expenses that are not directly attributable to a particular segment are based upon allocation methodologies, including time estimates, revenue, headcount, sales targets, data center consumption and other relevant usage measures. Due to the integrated structure of MSCI’s business, certain costs incurred by one segment may benefit other segments. A segment may use the content and data produced by another segment without incurring an arm’s-length intersegment charge.

The CODM does not review any information regarding total assets on an operating segment basis. Operating segments do not record intersegment revenues, and, accordingly, there is none to be reported. The accounting policies for segment reporting are the same as for MSCI as a whole.

The Company has five operating segments: Index, Analytics, ESG, Real Estate and The Burgiss Group, LLC (“Burgiss”).

The Index operating segment is a provider of primarily equity indexes. The indexes are used in many areas of the investment process, including index-linked product creation (e.g., ETFs and futures and options), performance benchmarking, portfolio construction and rebalancing, broker-dealer structured products and asset allocation.

The Analytics operating segment offers risk management, performance attribution and portfolio management content, applications and services that provide clients with an integrated view of risk and return and an analysis of market, credit, liquidity and counterparty risk across all major asset classes, spanning short-, medium- and long-term time horizons. Clients access Analytics content through MSCI’s own proprietary applications and application programming interfaces, third-party applications or directly through their own platforms. Additionally, the Analytics operating segment also provides various managed services to help clients operate more efficiently, including consolidation of client portfolio data from various sources, review and reconciliation of input data and results, and customized reporting.

The ESG operating segment offers products and services that help institutional investors understand how ESG considerations can impact the long-term risk and return of their portfolio and individual security-level investments. In addition, MSCI ESG Research data and ratings are used in the construction of equity and fixed income indexes to help institutional investors more effectively benchmark ESG investment performance, issue index-based investment products, as well as manage, measure and report on ESG mandates.

The Real Estate operating segment offers research, reporting, market data and benchmarking offerings that provide real estate performance analysis for funds, investors and managers. Real Estate performance and risk analytics range from enterprise-wide to property-specific analysis. The Real Estate operating segment also provides business intelligence to real estate owners, managers, developers and brokers worldwide.

The Burgiss operating segment represents the Company’s equity method investment in Burgiss, a global provider of investment decision support tools for private capital. See Note 12, “Equity Method Investments,” for further information.

The operating segments of ESG, Real Estate and Burgiss do not individually meet the segment reporting thresholds and have been combined and presented as part of All Other for disclosure purposes. Burgiss is an equity-method investment, therefore, the All Other segment does not include the Company's proportionate share of operating revenues and Adjusted EBITDA related to Burgiss. The Company's proportionate share of Burgiss's equity earnings is not a component of Adjusted EBITDA as it is reported as a component of other (expense) income, net.

The following table presents operating revenue by reportable segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Operating revenues				
Index	$ 242,908	$ 225,550	$ 492,164	$ 440,323
Analytics	127,563	123,681	253,071	245,116
All Other	39,145	36,327	81,161	71,500
Total	$ 409,616	$ 385,558	$ 826,396	$ 756,939

The following table presents segment profitability and a reconciliation to net income for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Index Adjusted EBITDA	$ 183,256	$ 163,915	$ 366,843	$ 316,126
Analytics Adjusted EBITDA	46,167	39,071	82,484	75,469
All Other Adjusted EBITDA	7,277	8,810	16,600	17,908
Total operating segment profitability	236,700	211,796	465,927	409,503
2016 Multi-Year PSUs grant payroll tax expense	—	—	—	15,389
Amortization of intangible assets	14,062	12,013	27,838	23,806
Depreciation and amortization of property, equipment and leasehold improvements	7,463	7,405	15,030	15,255
Operating income	215,175	192,378	423,059	355,053
Other expense (income), net	76,008	32,633	121,043	67,016
Provision for income taxes	24,044	34,055	38,768	(15,845)
Net income	$ 115,123	$ 125,690	$ 263,248	$ 303,882

Revenue by geography is based on the shipping address of the ultimate customer utilizing the product. The following table presents revenue by geographic area for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Operating revenues				
Americas:				
United States	$ 175,819	$ 173,228	$ 356,865	$ 339,414
Other	16,891	16,808	34,647	32,791
Total Americas	192,710	190,036	391,512	372,205
Europe, the Middle East and Africa ("EMEA"):				
United Kingdom	62,826	58,921	127,887	114,128
Other	90,209	81,088	178,138	157,723
Total EMEA	153,035	140,009	306,025	271,851
Asia & Australia:				
Japan	19,725	16,719	39,117	34,667
Other	44,146	38,794	89,742	78,216
Total Asia & Australia	63,871	55,513	128,859	112,883
Total	$ 409,616	$ 385,558	$ 826,396	$ 756,939

Long-lived assets consist of property, equipment, leasehold improvements, goodwill and intangible assets, net of accumulated depreciation and amortization. The following table presents long-lived assets by geographic area on the dates indicated:

	As of	
	June 30, 2020	December 31, 2019
	(in thousands)	
Long-lived assets		
Americas:		
United States	$ 1,763,824	$ 1,781,667
Other	5,081	6,398
Total Americas	1,768,905	1,788,065
EMEA:		
United Kingdom	75,112	81,338
Other	36,219	36,433
Total EMEA	111,331	117,771
Asia & Australia:		
Japan	337	398
Other	9,124	8,829
Total Asia & Australia	9,461	9,227
Total	$ 1,889,697	$ 1,915,063

12. EQUITY METHOD INVESTMENT

In January 2020, MSCI entered into a strategic relationship with Burgiss, a global provider of investment decision support tools for private capital. The Company acquired a 40% non-controlling interest for $190.8 million, including capitalized costs, which is accounted for as an equity method investment with the Company's share of Burgiss' earnings being recognized in "Other expense (income), net" in the Condensed Consolidated Statements of Income. The Company is applying a policy election to recognize its share of Burgiss' earnings on a three-month lag. Accordingly, the Company has recognized in its results of operations for the first time an immaterial amount in earnings related to its investment in Burgiss in both the three months and six months ended June 30, 2020. MSCI has also elected to apply the nature of the distribution approach to determine the classification of the distributions it receives from its equity method investees.

The Company's investment substantially exceeds the Company's share of the underlying equity of Burgiss. A portion of this excess, representing the excess of the fair value of Burgiss' intangible assets over their book value, is amortized into "Other expense (income), net" over the useful lives of the respective intangible assets.

13. SUBSEQUENT EVENTS

On July 27, 2020, the Board of Directors declared a quarterly cash dividend of $0.78 per share for the three months ending September 30, 2020 ("third quarter 2020"). The third quarter 2020 dividend is payable on August 31, 2020 to shareholders of record as of the close of trading on August 14, 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "Form 10-K"). This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in "Item 1A.—Risk Factors," in our Form 10-K.

Except as the context otherwise indicates, the terms "MSCI," the "Company," "we," "our" and "us" refer to MSCI Inc., together with its subsidiaries.

Overview

We are a leading provider of critical decision support tools and services for the global investment community. Leveraging our knowledge of the global investment process and our expertise in research, data and technology, our actionable solutions[1] power better investment decisions by enabling our clients to understand and analyze key drivers of risk and return and confidently and efficiently build more effective portfolios.

Investors all over the world use our tools and services to gain insight and improve transparency throughout their investment processes, including to help define their investment universe, inform and analyze their asset allocation and portfolio construction decisions, measure and manage portfolio performance and risk, conduct performance attribution, implement sustainable and other investment strategies, design and issue ETFs and other index-enabled financial products, and facilitate reporting to stakeholders.

Our industry-leading, research-enhanced products and services include indexes; portfolio construction and risk management analytics; ESG research and ratings; and real estate benchmarks, return-analytics and market insights. Through our integrated franchise we provide solutions across our products and services to support our clients' dynamic and complex needs. We are flexible in the delivery of our content and capabilities, much of which can be accessed by our clients through multiple channels and platforms.

We are focused on staying at the forefront of investment trends to address the evolving needs of our clients in a changing industry. In order to most effectively serve our clients, we are committed to driving an integrated solutions-based approach, achieving service excellence, enhancing our differentiated research and content, and delivering flexible, cutting-edge technology and platforms.

Our clients comprise a wide spectrum of the global investment industry and include the following key client types:

- Asset owners (pension funds, endowments, foundations, central banks, sovereign wealth funds, family offices and insurance companies)
- Asset managers (institutional funds and accounts, mutual funds, hedge funds, ETFs, insurance products, private banks and real estate investment trusts)
- Financial intermediaries (banks, broker-dealers, exchanges, custodians, trust companies and investment consultants)
- Wealth managers (including an increasing number of "robo-advisors")

As of June 30, 2020, we served over 7,800 clients in more than 90 countries. To calculate the number of clients, we use the shipping address of the ultimate customer utilizing the product, which counts affiliates, user locations or business units within a single organization as separate clients. If we aggregate all related clients under their respective parent entity, the number of clients would be over 4,300, as of June 30, 2020. As of June 30, 2020, we had offices in more than 35 cities across more than 22 countries to help serve our diverse client base, with 47.4% of our revenues coming from clients in the Americas, 37.0% in EMEA and 15.6% in Asia and Australia.

Our principal business model is generally to license annual, recurring subscriptions for the majority of our Index, Analytics and ESG products and services for a fee due in advance of the service period. We also license annual recurring subscriptions for the majority of our Real Estate products for a fee which is primarily paid in arrears after the product is delivered, with the exception of the Market Information product for which the fees are generally paid in advance. A portion of our fees comes from clients who use our indexes as the basis for index-linked investment products. Such fees are primarily based on a client's assets under management ("AUM"), trading volumes and fee levels.

1 The term "solutions" as used throughout this Quarterly Report on Form 10-Q refers to the use of our products or services by our clients to help them achieve their objectives.

In evaluating our financial performance, we focus on revenue and profit growth, including results accounted for under accounting principles generally accepted in the United States ("GAAP") as well as non-GAAP measures, for the Company as a whole and by operating segment. In addition, we focus on operating metrics, including Run Rate, subscription sales and Retention Rate, to manage the business. Our business is not highly capital intensive and, as such, we expect to continue to convert a high percentage of our profits into excess cash in the future. Our growth strategy includes: (a) expanding leadership in research-enhanced content, (b) strengthening existing and new client relationships by providing solutions, (c) improving access to our solutions through cutting-edge technology and platforms, (d) expanding value-added service offerings and (e) executing strategic relationships and acquisitions with complementary content and technology companies.

In the discussion that follows, we provide certain variances excluding the impact of foreign currency exchange rate fluctuations. Foreign currency exchange rate fluctuations reflect the difference between the current period results as reported compared to the current period results recalculated using the foreign currency exchange rates in effect for the comparable prior period. While operating revenues adjusted for the impact of foreign currency fluctuations includes asset-based fees that have been adjusted for the impact of foreign currency fluctuations, the underlying AUM, which is the primary component of asset-based fees, is not adjusted for foreign currency fluctuations. Approximately two-thirds of the AUM are invested in securities denominated in currencies other than the U.S. dollar, and accordingly, any such impact is excluded from the disclosed foreign currency-adjusted variances.

The discussion of our results of operations for the three and six months ended June 30, 2020 and 2019 are presented below. The results of operations for interim periods may not be indicative of future results.

Results of Operations

The following table presents the results of operations for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019		2020	2019	% Change
	(in thousands, except per share data)					
Operating revenues	$ 409,616	$ 385,558	6.2%	$ 826,396	$ 756,939	9.2%
Operating expenses:						
Cost of revenues	70,456	71,975	(2.1%)	145,065	154,321	(6.0%)
Selling and marketing	51,617	51,657	(0.1%)	107,166	107,705	(0.5%)
Research and development	22,534	23,752	(5.1%)	49,096	46,924	4.6%
General and administrative	28,309	26,378	7.3%	59,142	53,875	9.8%
Amortization of intangible assets	14,062	12,013	17.1%	27,838	23,806	16.9%
Depreciation and amortization of property, equipment and leasehold improvements	7,463	7,405	0.8%	15,030	15,255	(1.5%)
Total operating expenses	194,441	193,180	0.7%	403,337	401,886	0.4%
Operating income	215,175	192,378	11.9%	423,059	355,053	19.2%
Other expense (income), net	76,008	32,633	132.9%	121,043	67,016	80.6%
Income before provision for income taxes	139,167	159,745	(12.9%)	302,016	288,037	4.9%
Provision for income taxes	24,044	34,055	(29.4%)	38,768	(15,845)	344.7%
Net income	$ 115,123	$ 125,690	(8.4%)	$ 263,248	$ 303,882	(13.4%)
Earnings per basic common share	$ 1.38	$ 1.48	(6.8%)	$ 3.12	$ 3.60	(13.3%)
Earnings per diluted common share	$ 1.36	$ 1.47	(7.5%)	$ 3.10	$ 3.55	(12.7%)
Operating margin	52.5%	49.9%		51.2%	46.9%	

Operating Revenues

Our revenues are grouped by the following types: recurring subscriptions, asset-based fees and non-recurring. We also group revenues by major product or reportable segment as follows: Index, Analytics and All Other, which includes the ESG and Real Estate product lines.

The following table presents operating revenues by type for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(in thousands)					
Recurring subscriptions	$ 309,884	$ 289,149	7.2%	$ 614,309	$ 571,513	7.5%
Asset-based fees	88,075	87,733	0.4%	188,271	169,541	11.0%
Non-recurring	11,657	8,676	34.4%	23,816	15,885	49.9%
Total operating revenues	$ 409,616	$ 385,558	6.2%	$ 826,396	$ 756,939	9.2%

Total operating revenues for the three months ended June 30, 2020 increased 6.2% to $409.6 million compared to $385.6 million for the three months ended June 30, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 6.4% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the increase was 9.2%, growing to $826.4 million compared to $756.9 million for the six months ended June 30, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 9.3% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

As a result of the impact of the COVID-19 pandemic, growth in operating revenues from recurring subscriptions may moderate in the near term. In addition, the volatility in the global equity markets may adversely impact AUM levels which in turn may impact future operating revenues from asset-based fees.

Operating revenues from recurring subscriptions for the three months ended June 30, 2020 increased 7.2% to $309.9 million compared to $289.1 million for the three months ended June 30, 2019, primarily driven by growth in Index products, which increased $13.3 million, or 10.0%, growth in ESG products, which increased $4.8 million, or 22.7%, and growth in Analytics products, which increased $4.5 million, or 3.7%. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 7.4% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the increase was 7.5%, growing to $614.3 million compared to $571.5 million for the six months ended June 30, 2019, primarily driven by growth in Index products, which increased $25.4 million, or 9.8%, growth in Analytics products, which increased $8.4 million, or 3.5%, and growth in ESG products, which increased $8.3 million, or 19.6%. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 7.7% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Operating revenues from asset-based fees for the three months ended June 30, 2020 increased 0.4% to $88.1 million compared to $87.7 million for the three months ended June 30, 2019. The increase in asset-based fees was driven by a strong increase in revenues from exchange traded futures and options contracts linked to MSCI indexes and an increase in revenues from non-ETF indexed funds linked to MSCI indexes, offset by a decline in revenues from ETFs linked to MSCI indexes. The increase in revenues from exchange traded futures and options contracts linked to MSCI indexes was primarily driven by price increases. Revenue growth from non-ETF indexed funds linked to MSCI indexes was primarily driven by an increase in average AUM. The decline in revenues from ETFs linked to MSCI indexes was driven by a 4.3% decrease in average AUM and by the impact of a change in product mix. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

For the six months ended June 30, 2020, revenues from asset-based fees increased 11.0% to $188.3 million compared to $169.5 million for the six months ended June 30, 2019. The increase in asset-based fees was primarily driven by a strong increase in revenues from exchange traded futures and options contracts linked to MSCI indexes, primarily driven by price and volume increases. The increase was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes, primarily driven by an increase in average AUM. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

The following table presents the value of AUM in equity ETFs linked to MSCI indexes and the sequential change of such assets as of the end of each of the periods indicated:

(in billions)	Period Ended 2019 March 31,	June 30,	September 30,	December 31,	2020 March 31,	June 30,
AUM in equity ETFs linked to MSCI indexes(1), (2), (3)	$ 802.2	$ 819.3	$ 815.0	$ 934.4	$ 709.5	$ 825.4
Sequential Change in Value						
Market Appreciation/(Depreciation)	$ 78.3	$ 14.9	$ (9.2)	$ 63.5	$ (216.5)	$ 117.4
Cash Inflows	28.3	2.2	4.9	55.9	(8.4)	(1.5)
Total Change	$ 106.6	$ 17.1	$ (4.3)	$ 119.4	$ (224.9)	$ 115.9

The following table presents the average value of AUM in equity ETFs linked to MSCI indexes for the periods indicated:

(in billions)	2019 March	June	September	December	2020 March	June
AUM in equity ETFs linked to MSCI indexes(1), (2), (3)						
Quarterly average	$ 766.0	$ 811.4	$ 810.9	$ 869.1	$ 877.1	$ 776.9
Year-to-date average	$ 766.0	$ 788.7	$ 796.1	$ 814.4	$ 877.1	$ 827.0

(1) The historical values of the AUM in equity ETFs linked to our indexes as of the last day of the month and the monthly average balance can be found under the link “AUM in Equity ETFs Linked to MSCI Indexes” on our Investor Relations homepage at *http://ir.msci.com*. This information is updated mid-month each month. Information contained on our website is not incorporated by reference into this Quarterly Report on Form 10-Q or any other report filed with the SEC. The AUM in equity ETFs also includes AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

(2) The values for periods prior to April 26, 2019 were based on data from Bloomberg and MSCI, while the values for periods on or after April 26, 2019 were based on data from Refinitiv and MSCI. De minimis amounts of data are reported on a delayed basis.

(3) The value of AUM in equity ETFs linked to MSCI indexes is calculated by multiplying the equity ETF net asset value by the number of shares outstanding.

The average value of AUM in equity ETFs linked to MSCI equity indexes for the three months ended June 30, 2020 was $776.9 billion, down $34.5 billion, or 4.3%, from $811.4 billion for the three months ended June 30, 2019. For the six months ended June 30, 2020, it was $827.0 billion, up $38.3 billion, or 4.9%, from $788.7 billion for the six months ended June 30, 2019.

Non-recurring revenues for the three months ended June 30, 2020 increased 34.4% to $11.7 million compared to $8.7 million for the three months ended June 30, 2019, primarily driven by growth in Index products, which increased $3.8 million, or 66.2%.

For the six months ended June 30, 2020, the increase was 49.9%, growing to $23.8 million compared to $15.9 million for the six months ended June 30, 2019, primarily driven by growth in Index products, which increased $7.7 million, or 70.1%.

The following table presents operating revenues by reportable segment and revenue type for the periods indicated:

	Three Months Ended June 30, 2020	2019	% Change	Six Months Ended June 30, 2020	2019	% Change
			(in thousands)			
Operating revenues:						
Index						
Recurring subscriptions	$ 145,404	$ 132,145	10.0%	$ 285,244	$ 259,819	9.8%
Asset-based fees	88,075	87,733	0.4%	188,271	169,541	11.0%
Non-recurring	9,429	5,672	66.2%	18,649	10,963	70.1%
Index total	242,908	225,550	7.7%	492,164	440,323	11.8%
Analytics						
Recurring subscriptions	126,189	121,699	3.7%	250,254	241,809	3.5%
Non-recurring	1,374	1,982	(30.7%)	2,817	3,307	(14.8%)
Analytics total	127,563	123,681	3.1%	253,071	245,116	3.2%
All Other						
Recurring subscriptions	38,291	35,305	8.5%	78,811	69,885	12.8%
Non-recurring	854	1,022	(16.4%)	2,350	1,615	45.5%
All Other total	39,145	36,327	7.8%	81,161	71,500	13.5%
Total operating revenues	$ 409,616	$ 385,558	6.2%	$ 826,396	$ 756,939	9.2%

Refer to the section titled "Segment Results" that follows for further discussion of segment revenues.

Operating Expenses

We group our operating expenses into the following activity categories:

- Cost of revenues;
- Selling and marketing;
- Research and development (“R&D”);
- General and administrative (“G&A”);
- Amortization of intangible assets; and
- Depreciation and amortization of property, equipment and leasehold improvements.

Costs are assigned to these activity categories based on the nature of the expense or, when not directly attributable, an estimated allocation based on the type of effort involved.

The following table presents operating expenses by activity category for the periods indicated:

	Three Months Ended June 30,		% Change	Six Months Ended June 30,		% Change
	2020	2019		2020	2019	
	(in thousands)					
Operating expenses:						
Cost of revenues	$ 70,456	$ 71,975	(2.1%)	$ 145,065	$ 154,321	(6.0%)
Selling and marketing	51,617	51,657	(0.1%)	107,166	107,705	(0.5%)
Research and development	22,534	23,752	(5.1%)	49,096	46,924	4.6%
General and administrative	28,309	26,378	7.3%	59,142	53,875	9.8%
Amortization of intangible assets	14,062	12,013	17.1%	27,838	23,806	16.9%
Depreciation and amortization of property, equipment and leasehold improvements	7,463	7,405	0.8%	15,030	15,255	(1.5%)
Total operating expenses	$ 194,441	$ 193,180	0.7%	$ 403,337	$ 401,886	0.4%

Total operating expenses for the three months ended June 30, 2020 increased 0.7% to $194.4 million compared to $193.2 million for the three months ended June 30, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 2.7% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the increase was 0.4%, growing to $403.3 million compared to $401.9 million for the six months ended June 30, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 1.9% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Cost of Revenues

Cost of revenues expenses consist of costs related to the production and servicing of our products and services and primarily includes related information technology costs, including data center, platform and infrastructure costs; costs to acquire, produce and maintain market data information; costs of research to support and maintain existing products; costs of product management teams; costs of client service and consultant teams to support customer needs; as well as other support costs directly attributable to the cost of revenues including certain human resources, finance and legal costs.

Cost of revenues for the three months ended June 30, 2020 decreased 2.1% to $70.5 million compared to $72.0 million for the three months ended June 30, 2019, reflecting decreases across the Analytics and Index reportable segments, partially offset by an increase in the All Other reportable segment. The change was driven by decreases in compensation and benefits costs, primarily relating to lower incentive compensation and benefits costs, and decreases in non-compensation costs, including travel and entertainment costs.

For the six months ended June 30, 2020, the decrease was 6.0% to $145.1 million compared to $154.3 million for the six months ended June 30, 2019, reflecting decreases across the Analytics and Index reportable segments, partially offset by an increase in the All Other reportable segment. The change was driven by the absence of $7.0 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized in 2019, and decreases in other compensation and benefits costs, primarily relating to lower incentive compensation.

Selling and Marketing

Selling and marketing expenses consist of costs associated with acquiring new clients or selling new products or product renewals to existing clients and primarily includes the costs of our sales and marketing teams, as well as costs incurred in other groups associated with acquiring new business, including product management, research, technology and sales operations.

Selling and marketing expenses for the three months ended June 30, 2020 decreased 0.1% to $51.6 million compared to $51.7 million for the three months ended June 30, 2019, driven by lower costs in the Index reportable segment partially offset by higher costs in the All Other and Analytics reportable segments. The change was driven by decreases in non-compensation costs, including travel and entertainment costs and marketing costs, partially offset by increases in compensation and benefits costs, primarily relating to higher wages and salaries and incentive compensation.

For the six months ended June 30, 2020, the decrease was 0.5%, declining to $107.2 million compared to $107.7 million for the six months ended June 30, 2019, driven by lower costs in the Index reportable segment, partially offset by higher costs in the Analytics and All Other reportable segments. The change was driven by the absence of $4.5 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized in 2019. Additionally, there were increases in compensation and benefits costs, primarily relating to higher wages and salaries and benefits costs, partially offset by lower non-compensation costs, including travel and entertainment costs and marketing costs.

Research and Development

R&D expenses consist of the costs to develop new or enhance existing products and the costs to develop new or improved technology and service platforms for the delivery of our products and services and primarily include the costs of development, research, product management, project management and the technology support associated with these efforts.

R&D expenses for the three months ended June 30, 2020 decreased 5.1% to $22.5 million compared to $23.8 million for the three months ended June 30, 2019, reflecting lower investments in the Analytics reportable segment, partially offset by higher investment in the All Other and Index reportable segments. The change was driven by decreases in non-compensation costs, including travel and entertainment and recruiting costs, as well as decreases in compensation and benefits costs, primarily relating to lower incentive compensation and benefits costs.

For the six months ended June 30, 2020, the increase was 4.6%, growing to $49.1 million compared to $46.9 million for the six months ended June 30, 2019, reflecting higher investments in the All Other and Index reportable segments, partially offset by lower investment in the Analytics reportable segment. The change was driven by increases in compensation and benefits costs, including benefits, severance, wages and salaries and incentive compensation costs.

General and Administrative

G&A expenses consist of costs primarily related to finance operations, human resources, office of the CEO, legal, corporate technology, corporate development and certain other administrative costs that are not directly attributed, but are instead allocated, to a product or service.

G&A expenses for the three months ended June 30, 2020 increased 7.3% to $28.3 million compared to $26.4 million for the three months ended June 30, 2019, reflecting increases across all three reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher incentive compensation and wages and salaries, partially offset by lower severance costs.

For the six months ended June 30, 2020, the increase was 9.8%, growing to $59.1 million compared to $53.9 million for the six months ended June 30, 2019, reflecting increases across all three reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher incentive compensation, wages and salaries and benefits costs, partially offset by the absence of $3.5 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized in 2019.

The following table presents operating expenses using compensation and non-compensation categories, rather than using activity categories, for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
			(in thousands)			
Compensation and benefits	$ 128,803	$ 124,314	3.6%	$ 266,065	$ 266,487	(0.2%)
Non-compensation expenses	44,113	49,448	(10.8%)	94,404	96,338	(2.0%)
Amortization of intangible assets	14,062	12,013	17.1%	27,838	23,806	16.9%
Depreciation and amortization of property, equipment and leasehold improvements	7,463	7,405	0.8%	15,030	15,255	(1.5%)
Total operating expenses	$ 194,441	$ 193,180	0.7%	$ 403,337	$ 401,886	0.4%

Compensation and Benefits

Compensation and benefits costs are our most significant expense and typically represent approximately 65% of operating expenses or more than 70% of Adjusted EBITDA expenses. We had 3,513 and 3,266 employees as of June 30, 2020 and 2019, respectively, reflecting a 7.6% growth in the number of employees. Continued growth of our emerging market centers around the world is an important factor in our ability to manage and control the growth of our compensation and benefit expenses. As of June 30, 2020, 63.7% of our employees were located in emerging market centers compared to 62.8% as of June 30, 2019.

Compensation and benefits costs for the three months ended June 30, 2020 increased 3.6% to $128.8 million compared to $124.3 million for the three months ended June 30, 2019, primarily driven by higher incentive compensation and wages and salaries, partially offset by lower severance costs.

For the six months ended June 30, 2020, the decrease was 0.2%, declining to $266.1 million compared to $266.5 million for the six months ended June 30, 2019, primarily driven by the absence of $15.4 million of payroll tax expense associated with the vesting of the 2016 Multi-Year PSUs recognized in 2019, partially offset by higher wages and salaries, incentive compensation and benefits costs.

A significant portion of the incentive compensation component of operating expenses is based on the achievement of a number of financial and operating metrics. In a scenario where operating revenue growth and profitability moderate as a result of the impact of the COVID-19 pandemic, incentive compensation is expected to decrease accordingly.

Non-Compensation Expenses

Non-compensation expenses for the three months ended June 30, 2020 decreased 10.8% to $44.1 million compared to $49.4 million for the three months ended June 30, 2019, primarily driven by lower travel and entertainment costs, marketing costs and recruiting costs, partially offset by higher information technology costs.

For the six months ended June 30, 2020, the decrease was 2.0%, declining to $94.4 million compared to $96.3 million for the six months ended June 30, 2019, primarily driven by lower travel and entertainment costs, marketing costs and recruiting costs, partially offset by higher information technology costs, professional fees and occupancy costs.

Fixed costs constitute a significant portion of the non-compensation component of operating expenses. The discretionary non-compensation component of operating expenses could, however, be reduced in the near-term in a scenario where operating revenue growth moderates as a result of the COVID-19 pandemic.

Amortization of Intangible Assets

Amortization of intangible assets expense relates to definite-lived intangible assets arising from past acquisitions and internal capitalized software projects recognized over their estimated useful lives. Amortization of intangible assets expense for the three months ended June 30, 2020 increased 17.1% to $14.1 million compared to $12.0 million for the three months ended June 30, 2019, primarily driven by higher amortization of internally developed capitalized software.

For the six months ended June 30, 2020, it increased 16.9% to $27.8 million compared to $23.8 million for the six months ended June 30, 2019, primarily driven by higher amortization of internally developed capitalized software.

Depreciation and Amortization of Property, Equipment and Leasehold Improvements

Depreciation and amortization of property, equipment and leasehold improvements consists of expenses related to depreciating or amortizing the cost of furniture and fixtures, computer and related equipment and leasehold improvements over the estimated useful life of the assets. Depreciation and amortization of property, equipment and leasehold improvements for the three months ended June 30, 2020 of $7.5 million remained consistent compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, it decreased 1.5% to $15.0 million compared to $15.3 million for the six months ended June 30, 2019. The decrease was primarily the result of lower depreciation on leasehold improvements, partially offset by higher depreciation on computer and related equipment.

Other Expense (Income), Net

Other expense (income), net for the three months ended June 30, 2020 increased 132.9% to $76.0 million compared to $32.6 million for the three months ended June 30, 2019. The increase in net expenses was primarily driven by the $35.0 million loss on debt extinguishment recognized on the redemption of all of the outstanding $800.0 million aggregate principal amount of the 2025 Senior Notes ("2025 Senior Notes Redemption"). The loss on debt extinguishment associated with the 2025 Senior Notes included an applicable premium of approximately $29.5 million (as defined in the indenture governing the terms of the 2025 Senior Notes) and the write-off of approximately $5.5 million of unamortized debt issuance costs. In addition, the increase reflects higher interest expense associated with the higher outstanding debt during the three months ended June 30, 2020 and lower interest income due to lower rates earned on cash balances.

For the six months ended June 30, 2020, it increased 80.6% to $121.0 million compared to $67.0 million for the six months ended June 30, 2019. The increase in net expenses was primarily driven by the $35.0 million and $10.0 million loss on debt extinguishment associated with the 2025 Senior Notes Redemption and the redemption of all of the remaining $300.0 million of the 5.250% Senior Notes due 2024 ("2024 Senior Notes Redemption"), respectively. The loss on debt extinguishment associated with the 2024 Senior Notes Redemption includes a redemption price of approximately $7.9 million (as set forth in the indenture governing the terms of the 2024 Senior Notes) and the write-off of approximately $2.1 million of unamortized debt issuance costs. In addition, the increase reflects higher interest expense associated with the higher outstanding debt during the six months ended June 30, 2020 and lower interest income due to lower rates earned on cash balances, partially offset by higher foreign currency exchange gains.

Income Taxes

The Company's provision for income taxes for the three months ended June 30, 2020 and 2019 was $24.0 million and $34.1 million, respectively. These amounts reflect effective tax rates of 17.3% and 21.3% for the three months ended June 30, 2020 and 2019, respectively.

For the three months ended June 30, 2020, the effective tax rate of 17.3% reflects the Company's estimate of the effective tax rate for the period which was impacted by certain favorable discrete items totaling $11.7 million. These discrete items primarily related to the $9.0 million tax impact of loss on debt extinguishment recognized during the period on the 2025 Senior Notes Redemption and $2.3 million related to the conversion of equity awards during the period. In addition, the effective tax rate was impacted by a beneficial geographic mix of earnings.

For the three months ended June 30, 2019, the effective tax rate of 21.3% reflected the Company's estimate of the effective tax rate for the period which was impacted by a beneficial geographic mix of earnings and lower anticipated taxes on repatriation of foreign earnings. In addition, the effective tax rate was impacted by certain discrete items totaling $0.8 million. These discrete items included $1.2 million of excess tax benefits related to the conversion of equity awards.

The Company's provision for income taxes for the six months ended June 30, 2020 and 2019 was an expense of $38.8 million and a benefit of $15.8 million, respectively. These amounts reflect effective tax rates of 12.8% and negative 5.5% for the six months ended June 30, 2020 and 2019, respectively.

For the six months ended June 30, 2020, the effective tax rate of 12.8% reflects the Company's estimate of the effective tax rate for the period which was impacted by certain discrete items totaling $34.1 million. These discrete items primarily related to $21.5 million of excess tax benefits recognized on the conversion of equity awards during the period and $11.5 million related to the tax impact of loss on debt extinguishment recognized during the period on the 2024 Senior Notes Redemption and 2025 Senior Notes Redemption. Also included in the discrete items is a $0.8 million benefit related to the revaluation of the cost of deemed repatriation of foreign earnings. In addition, the effective tax rate was impacted by a beneficial geographic mix of earnings.

For the six months ended June 30, 2019, the effective tax rate of negative 5.5% reflected the Company's estimate of the effective tax rate for the period and was impacted by certain discrete items totaling $78.6 million. These discrete items primarily related to $66.6 million of excess tax benefits recognized on the conversion of the 2016 Multi-Year PSUs and $11.0 million of excess tax benefits related to the conversion of other equity awards recognized during the period. In addition, the effective tax rate was impacted by a beneficial geographic mix of earnings.

Net Income

As a result of the factors described above, net income for the three months ended June 30, 2020 decreased 8.4% to $115.1 million compared to $125.7 million for the three months ended June 30, 2019 and for the six months ended June 30, 2020, it decreased 13.4% to $263.2 million compared to $303.9 million for the six months ended June 30, 2019.

Weighted Average Shares

The weighted average shares outstanding used to calculate basic and diluted earnings per share for the three months ended June 30, 2020 compared to the three months ended June 30, 2019 decreased by 1.3% and 1.2%, respectively. The decreases primarily reflect the impact of share repurchases made prior to June 30, 2020 pursuant to the 2019 Repurchase Program and the vesting of the restricted stock units that were included in the dilutive share count in the prior year.

For the six months ended June 30, 2020 compared to the six months ended June 30, 2019, the weighted average shares outstanding remained consistent.

Adjusted EBITDA

"Adjusted EBITDA," a non-GAAP measure used by management to assess operating performance, is defined as net income before (1) provision for income taxes, (2) other expense (income), net, (3) depreciation and amortization of property, equipment and leasehold improvements, (4) amortization of intangible assets and, at times, (5) certain other transactions or adjustments, including the impact related to the vesting of the 2016 Multi-Year PSUs.

"Adjusted EBITDA expenses," a non-GAAP measure used by management to assess operating performance, is defined as operating expenses less depreciation and amortization of property, equipment and leasehold improvements and amortization of intangible assets and, at times, certain other transactions or adjustments, including the impact related to the vesting of the 2016 Multi-Year PSUs.

Adjusted EBITDA and Adjusted EBITDA expenses are believed to be meaningful measures of the operating performance of the Company because they adjust for significant one-time, unusual or non-recurring items as well as eliminate the accounting effects of certain capital spending and acquisitions that do not directly affect what management considers to be the Company's ongoing operating performance in the period. All companies do not calculate adjusted EBITDA and adjusted EBITDA expenses in the same way. These measures can differ significantly from company to company depending on, among other things, long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. Accordingly, the Company's computation of the Adjusted EBITDA and Adjusted EBITDA expenses measures may not be comparable to similarly titled measures computed by other companies.

The following table presents the calculation of Adjusted EBITDA for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
			(in thousands)			
Operating revenues	$ 409,616	$ 385,558	6.2%	$ 826,396	$ 756,939	9.2%
Adjusted EBITDA expenses	172,916	173,762	(0.5%)	360,469	347,436	3.8%
Adjusted EBITDA	$ 236,700	$ 211,796	11.8%	$ 465,927	$ 409,503	13.8%
Adjusted EBITDA margin %	57.8%	54.9%		56.4%	54.1%	
Operating margin %	52.5%	49.9%		51.2%	46.9%	

Adjusted EBITDA for the three months ended June 30, 2020 increased 11.8% to $236.7 million compared to $211.8 million for the three months ended June 30, 2019. Adjusted EBITDA margin for the three months ended June 30, 2020 increased to 57.8% compared to 54.9% for the three months ended June 30, 2019. The increase in Adjusted EBITDA margin reflects growth in operating revenues and a decline in Adjusted EBITDA expenses.

For the six months ended June 30, 2020, Adjusted EBITDA increased 13.8% to $465.9 million compared to $409.5 million for the six months ended June 30, 2019. For the six months ended June 30, 2020, Adjusted EBITDA margin increased to 56.4% compared to 54.1% for the six months ended June 30, 2019. The increase in Adjusted EBITDA margin reflects a higher rate of growth in operating revenues as compared to the rate of growth of Adjusted EBITDA expenses.

Reconciliation of Adjusted EBITDA to Net Income and Adjusted EBITDA Expenses to Operating Expenses

The following table presents the reconciliation of Adjusted EBITDA to net income for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Index Adjusted EBITDA	$ 183,256	$ 163,915	$ 366,843	$ 316,126
Analytics Adjusted EBITDA	46,167	39,071	82,484	75,469
All Other Adjusted EBITDA	7,277	8,810	16,600	17,908
Consolidated Adjusted EBITDA	236,700	211,796	465,927	409,503
2016 Multi-Year PSUs grant payroll tax expense	—	—	—	15,389
Amortization of intangible assets	14,062	12,013	27,838	23,806
Depreciation and amortization of property, equipment and leasehold improvements	7,463	7,405	15,030	15,255
Operating income	215,175	192,378	423,059	355,053
Other expense (income), net	76,008	32,633	121,043	67,016
Provision for income taxes	24,044	34,055	38,768	(15,845)
Net income	$ 115,123	$ 125,690	$ 263,248	$ 303,882

The following table presents the reconciliation of Adjusted EBITDA expenses to operating expenses for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Index Adjusted EBITDA expenses	$ 59,652	$ 61,635	$ 125,321	$ 124,197
Analytics Adjusted EBITDA expenses	81,396	84,610	170,587	169,647
All Other Adjusted EBITDA expenses	31,868	27,517	64,561	53,592
Consolidated Adjusted EBITDA expenses	172,916	173,762	360,469	347,436
2016 Multi-Year PSUs grant payroll tax expense	—	—	—	15,389
Amortization of intangible assets	14,062	12,013	27,838	23,806
Depreciation and amortization of property, equipment and leasehold improvements	7,463	7,405	15,030	15,255
Total operating expenses	$ 194,441	$ 193,180	$ 403,337	$ 401,886

The discussion of the segment results is presented below.

Segment Results

Index Segment

The following table presents the results for the Index segment for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 145,404	$ 132,145	10.0%	$ 285,244	$ 259,819	9.8%
Asset-based fees	88,075	87,733	0.4%	188,271	169,541	11.0%
Non-recurring	9,429	5,672	66.2%	18,649	10,963	70.1%
Operating revenues total	242,908	225,550	7.7%	492,164	440,323	11.8%
Adjusted EBITDA expenses	59,652	61,635	(3.2%)	125,321	124,197	0.9%
Adjusted EBITDA	$ 183,256	$ 163,915	11.8%	$ 366,843	$ 316,126	16.0%
Adjusted EBITDA margin %	75.4%	72.7%		74.5%	71.8%	

Revenues related to Index products for the three months ended June 30, 2020 increased 7.7% to $242.9 million compared to $225.6 million for the three months ended June 30, 2019 and for the six months ended June 30, 2020, the increase was 11.8%, growing to $492.2 million compared to $440.3 million for the six months ended June 30, 2019.

Recurring subscriptions for the three months ended June 30, 2020 increased 10.0% to $145.4 million compared to $132.1 million for the three months ended June 30, 2019. The increase was primarily driven by strong growth in core products and factor and ESG/Climate index products. The impact of foreign currency exchange rate fluctuations on revenues from recurring subscriptions was negligible.

For the six months ended June 30, 2020, the increase was 9.8%, growing to $285.2 million compared to $259.8 million for the six months ended June 30, 2019. The increase was driven by strong growth in core products and factor and ESG/Climate index products. The impact of foreign currency exchange rate fluctuations on revenues from recurring subscriptions was negligible.

Revenues from asset-based fees for the three months ended June 30, 2020 increased 0.4% to $88.1 million compared to $87.7 million for the three months ended June 30, 2019. The increase in asset-based fees was driven by a strong increase in revenues from exchange traded futures and options contracts linked to MSCI indexes and an increase in revenues from non-ETF indexed funds linked to MSCI indexes, offset by a decline in revenues from ETFs linked to MSCI indexes. The increase in revenues from exchange traded futures and options contracts linked to MSCI indexes was primarily driven by price increases. Revenue growth from non-ETF Indexed funds products linked to MSCI indexes was primarily driven by an increase in average AUM. The decline in revenues from ETFs linked to MSCI indexes was driven by a 4.3% decrease in average AUM and by the impact of a change in product mix. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

For the six months ended June 30, 2020, the increase was 11.0%, growing to $188.3 million compared to $169.5 million for the six months ended June 30, 2019. The increase in asset-based fees was primarily driven by a strong increase in revenues from exchange traded futures and options contracts linked to MSCI indexes, principally driven by price and volume increases. The increase was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes, primarily driven by an increase in average AUM. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

Non-recurring revenues for the three months ended June 30, 2020 increased 66.2% to $9.4 million compared to $5.7 million for the three months ended June 30, 2019 and for the six months ended June 30, 2020 the increase was 70.1%, growing to $18.6 million compared to $11.0 million for the six months ended June 30, 2019. The increases for both the three and six months ended June 30, 2020 were primarily driven by the recognition of higher fees resulting from the finalization of fees with clients during the respective periods.

Index segment Adjusted EBITDA expenses for the three months ended June 30, 2020 decreased 3.2% to $59.7 million compared to $61.6 million for the three months ended June 30, 2019, reflecting lower expenses across the selling and marketing and cost of revenues expense activity categories, partially offset by higher expenses across the G&A and R&D expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the decrease would have been 1.2% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the increase was 0.9%, growing to $125.3 million compared to $124.2 million for the six months ended June 30, 2019, reflecting higher expenses across the G&A and R&D expense activity categories, partially offset by lower expenses across the selling and marketing and cost of revenues expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 2.5% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Analytics Segment

The following table presents the results for the Analytics segment for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	**2019**	**% Change**	**2020**	**2019**	**% Change**
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 126,189	$ 121,699	3.7%	$ 250,254	$ 241,809	3.5%
Non-recurring	1,374	1,982	(30.7%)	2,817	3,307	(14.8%)
Operating revenues total	127,563	123,681	3.1%	253,071	245,116	3.2%
Adjusted EBITDA expenses	81,396	84,610	(3.8%)	170,587	169,647	0.6%
Adjusted EBITDA	$ 46,167	$ 39,071	18.2%	$ 82,484	$ 75,469	9.3%
Adjusted EBITDA margin %	36.2%	31.6%		32.6%	30.8%	

Analytics segment revenues for the three months ended June 30, 2020 increased 3.1% to $127.6 million compared to $123.7 million for the three months ended June 30, 2019, primarily driven by growth in Multi-Asset Class Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 3.0% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the increase was 3.2%, growing to $253.1 million compared to $245.1 million for the six months ended June 30, 2019, primarily driven by growth in Multi-Asset Class Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 3.2% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Analytics segment Adjusted EBITDA expenses for the three months ended June 30, 2020 decreased 3.8% to $81.4 million compared to $84.6 million for the three months ended June 30, 2019, primarily driven by lower expenses across the cost of revenues and R&D expense activity categories, partially offset by higher expenses across the selling and marketing and G&A expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the decrease would have been 1.6% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the increase was 0.6%, growing to $170.6 million compared to $169.6 million for the six months ended June 30, 2019, primarily driven by higher expenses across the selling and marketing and G&A expense activity categories, partially offset by lower expenses across the cost of revenues and R&D expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 2.2% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

All Other Segment

The following table presents the results for the All Other segment for the periods indicated:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% Change	2020	2019	% Change
	(in thousands)					
Operating revenues:						
Recurring subscriptions	$ 38,291	$ 35,305	8.5%	$ 78,811	$ 69,885	12.8%
Non-recurring	854	1,022	(16.4%)	2,350	1,615	45.5%
Operating revenues total	39,145	36,327	7.8%	81,161	71,500	13.5%
Adjusted EBITDA expenses	31,868	27,517	15.8%	64,561	53,592	20.5%
Adjusted EBITDA	$ 7,277	$ 8,810	(17.4%)	$ 16,600	$ 17,908	(7.3%)
Adjusted EBITDA margin %	18.6%	24.3%		20.5%	25.0%	

All Other segment revenues for the three months ended June 30, 2020 increased 7.8% to $39.1 million compared to $36.3 million for the three months ended June 30, 2019. The increase in All Other revenues was driven by a $4.9 million, or 22.7%, increase in ESG revenues to $26.3 million, partially offset by a $2.1 million, or 13.8%, decrease in Real Estate revenues to $12.8 million. The increase in ESG revenues was driven by strong growth in the Ratings, Climate and Screening products. The decrease in Real Estate revenues was primarily driven by a decline in Enterprise Analytics product revenues. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG revenues would have increased 25.0%, All Other operating revenues would have increased 10.4% and Real Estate revenues would have decreased 10.7% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, All Other segment revenues increased 13.5% to $81.2 million compared to $71.5 million for the six months ended June 30, 2019. The increase in All Other revenues was driven by a $8.6 million, or 19.9%, increase in ESG revenues to $51.6 million and by a $1.1 million, or 3.9%, increase in Real Estate revenues to $29.6 million. The increase in ESG revenues was driven by strong growth in the Ratings, Climate and Screening products. The increase in Real Estate revenues was primarily driven by strong growth in our Global Intel products. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other operating revenues would have increased 15.7%, ESG revenues would have increased 21.6% and Real Estate revenues would have increased 6.9% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

All Other segment Adjusted EBITDA expenses for the three months ended June 30, 2020 increased 15.8% to $31.9 million compared to $27.5 million for the three months ended June 30, 2019, driven by higher expenses attributable primarily to ESG operations. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 18.5% for the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

For the six months ended June 30, 2020, the increase was 20.5%, growing to $64.6 million compared to $53.6 million for the nine months ended September 30, 2018, driven by higher expenses attributable primarily to ESG operations. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 22.5% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Run Rate

"Run Rate" estimates at a particular point in time the annualized value of the recurring revenues under our client license agreements ("Client Contracts") for the next 12 months, assuming all Client Contracts that come up for renewal are renewed and assuming then-current currency exchange rates, subject to the adjustments and exclusions described below. For any Client Contract where fees are linked to an investment product's assets or trading volume/fees, the Run Rate calculation reflects, for ETFs, the market value on the last trading day of the period, for futures and options, the most recent quarterly volumes and/or reported exchange fees, and for other non-ETF products, the most recent client-reported assets. Run Rate does not include fees associated with "one-time" and other non-recurring transactions. In addition, we add to Run Rate the annualized fee value of recurring new sales, whether to existing or new clients, when we execute Client Contracts, even though the license start date, and associated revenue recognition, may not be effective until a later date. We remove from Run Rate the annualized fee value associated with products or services under any Client Contract with respect to which we have received a notice of termination or non-renewal during the period and have determined that such notice evidences the client's final decision to terminate or not renew the applicable products or services, even though such notice is not effective until a later date.

Changes in our recurring revenues typically lag changes in Run Rate. The actual amount of recurring revenues we will realize over the following 12 months will differ from Run Rate for numerous reasons, including:

- fluctuations in revenues associated with new recurring sales;
- modifications, cancellations and non-renewals of existing Client Contracts, subject to specified notice requirements;
- differences between the recurring license start date and the date the Client Contract is executed due to, for example, contracts with onboarding periods;
- fluctuations in asset-based fees, which may result from changes in certain investment products' total expense ratios, market movements, including foreign currency exchange rates, or from investment inflows into and outflows from investment products linked to our indexes;
- fluctuations in fees based on trading volumes of futures and options contracts linked to our indexes;
- fluctuations in the number of hedge funds for which we provide investment information and risk analysis to hedge fund investors;
- price changes or discounts;
- revenue recognition differences under U.S. GAAP, including those related to the timing of implementation and report deliveries for certain of our products and services;
- fluctuations in foreign currency exchange rates; and
- the impact of acquisitions and divestitures.

The following table presents the Run Rates as of the dates indicated and the growth percentages over the periods indicated:

	As of June 30, 2020	As of June 30, 2019	% Change
	(in thousands)		
Index:			
Recurring subscriptions	$ 586,846	$ 531,590	10.4%
Asset-based fees	362,049	345,126	4.9%
Index total	948,895	876,716	8.2%
Analytics	534,039	503,969	6.0%
All Other	164,377	137,045	19.9%
Total Run Rate	$ 1,647,311	$ 1,517,730	8.5%
Recurring subscriptions total	$ 1,285,262	$ 1,172,604	9.6%
Asset-based fees	362,049	345,126	4.9%
Total Run Rate	$ 1,647,311	$ 1,517,730	8.5%

Total Run Rate grew 8.5% to $1,647.3 million as of June 30, 2020 compared to $1,517.7 million as of June 30, 2019. Recurring subscriptions Run Rate grew 9.6% to $1,285.3 million as of June 30, 2020 compared to $1,172.6 million as of June 30, 2019. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscriptions Run Rate would have increased 9.8% as of June 30, 2020 compared to June 30, 2019.

Run Rate from asset-based fees increased 4.9% to $362.0 million as of June 30, 2020 from $345.1 million as of June 30, 2019, primarily driven by higher volume in futures and options, higher non-ETF indexed funds linked to MSCI indexes and by higher AUM in equity ETFs linked to MSCI indexes. Offsetting the impact of the increase in AUM in equity ETFs linked to MSCI indexes was a change in product mix, which was the primary driver of a decline in period-end basis point fees to 2.67 as of June 30, 2020 from 2.85 as of June 30, 2019. As of June 30, 2020, the value of AUM in equity ETFs linked to MSCI indexes was $825.4 billion, up $6.1 billion, or 0.7%, from $819.3 billion as of June 30, 2019. The increase of $6.1 billion consisted of net inflows of $50.9 billion and a market depreciation of $44.8 billion.

Index recurring subscriptions Run Rate grew 10.4% to $586.8 million as of June 30, 2020 compared to $531.6 million as of June 30, 2019, primarily driven by strong growth in core products, custom and specialized index products and factor and ESG/Climate index products, with growth across all our client segments.

Run Rate from Analytics products increased 6.0% to $534.0 million as of June 30, 2020 compared to $504.0 million as of June 30, 2019, primarily driven by growth in Multi-Asset Class Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics Run Rate would have increased 6.1% as of June 30, 2020.

Run Rate from All Other products increased 19.9% to $164.4 million as of June 30, 2020 compared to $137.0 million as of June 30, 2019. The $27.4 million increase was primarily driven by a $24.8 million, or 27.9%, increase in ESG Run Rate to $113.7 million, and a $2.6 million, or 5.3%, increase in Real Estate Run Rate to $50.7 million. The increase in ESG Run Rate was primarily driven by strong growth in Ratings, Climate and Screening products. The increase in Real Estate Run Rate was primarily driven by growth in Global Intel products. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other Run Rate would have increased 21.1%, ESG Run Rate would have increased 28.5% and Real Estate Run Rate would have increased 7.5% as of June 30, 2020 compared to June 30, 2019.

Sales

Sales represents the annualized value of products and services clients commit to purchase from MSCI and will result in additional operating revenues. Non-recurring sales represent the actual value of the customer agreements entered into during the period and are not a component of Run Rate. New recurring subscription sales represent additional selling activities, such as new customer agreements, additions to existing agreements or increases in price that occurred during the period and are additions to Run Rate. Subscription cancellations reflect client activities during the period, such as discontinuing products and services and/or reductions in price, resulting in reductions to Run Rate. Net new recurring subscription sales represent the amount of new recurring subscription sales net of subscription cancellations during the period, which reflects the net impact to Run Rate during the period.

Total gross sales represent the sum of new recurring subscription sales and non-recurring sales. Total net sales represent the total gross sales net of the impact from subscription cancellations.

The following table presents our recurring subscription sales, cancellations and non-recurring sales by reportable segment for the periods indicated:

	Three Months Ended			Six Months Ended		
	June 30, 2020	June 30, 2019	% Change	June 30, 2020	June 30, 2019	% Change
			(in thousands)			
New recurring subscription sales						
Index	$ 20,276	$ 19,526	3.8%	$ 39,330	$ 36,855	6.7%
Analytics	14,979	13,669	9.6%	26,197	26,420	(0.8%)
All Other	12,348	8,014	54.1%	20,517	15,229	34.7%
New recurring subscription sales total	47,603	41,209	15.5%	86,044	78,504	9.6%
Subscription cancellations						
Index	(7,423)	(3,601)	106.1%	(12,539)	(7,967)	57.4%
Analytics	(10,553)	(7,102)	48.6%	(18,797)	(14,866)	26.4%
All Other	(2,243)	(1,902)	17.9%	(4,296)	(3,177)	35.2%
Subscription cancellations total	(20,219)	(12,605)	60.4%	(35,632)	(26,010)	37.0%
Net new recurring subscription sales						
Index	12,853	15,925	(19.3%)	26,791	28,888	(7.3%)
Analytics	4,426	6,567	(32.6%)	7,400	11,554	(36.0%)
All Other	10,105	6,112	65.3%	16,221	12,052	34.6%
Net new recurring subscription sales total	27,384	28,604	(4.3%)	50,412	52,494	(4.0%)
Non-recurring sales						
Index	10,450	5,982	74.7%	20,733	11,063	87.4%
Analytics	1,659	2,631	(36.9%)	4,924	5,208	(5.5%)
All Other	574	630	(8.9%)	1,605	1,084	48.1%
Non-recurring sales total	12,683	9,243	37.2%	27,262	17,355	57.1%
Gross sales						
Index	$ 30,726	$ 25,508	20.5%	$ 60,063	$ 47,918	25.3%
Analytics	16,638	16,300	2.1%	31,121	31,628	(1.6%)
All Other	12,922	8,644	49.5%	22,122	16,313	35.6%
Total gross sales	$ 60,286	$ 50,452	19.5%	$ 113,306	$ 95,859	18.2%
Net sales						
Index	$ 23,303	$ 21,907	6.4%	$ 47,524	$ 39,951	19.0%
Analytics	6,085	9,198	(33.8%)	12,324	16,762	(26.5%)
All Other	10,679	6,742	58.4%	17,826	13,136	35.7%
Total net sales	$ 40,067	$ 37,847	5.9%	$ 77,674	$ 69,849	11.2%

A significant portion of MSCI's operating revenues are derived from subscriptions or licenses of products and services, which are provided over contractually-agreed periods of time that are subject to renewal or cancellation at the end of current contract terms. As of June 30, 2020, cancellations have not deviated significantly from historical levels as a result of the COVID-19 pandemic. However, new sales could moderate and cancellations could increase in the near term as a result of the COVID-19 pandemic.

Retention Rate

The following table presents our Retention Rate by reportable segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Index	94.7%	97.1%	95.5%	96.8%
Analytics	92.0%	94.2%	92.9%	94.0%
All Other	94.1%	93.9%	94.4%	94.9%
Total	93.5%	95.5%	94.2%	95.4%

Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our operating revenues over time. The annual Retention Rate represents the retained subscription Run Rate (subscription Run Rate at the beginning of the fiscal year less actual cancels during the year) as a percentage of the subscription Run Rate at the beginning of the fiscal year.

The Retention Rate for a non-annual period is calculated by annualizing the cancellations for which we have received a notice of termination or for which we believe there is an intention not to renew during the non-annual period, and we believe that such notice or intention evidences the client's final decision to terminate or not renew the applicable agreement, even though such notice is not effective until a later date. This annualized cancellation figure is then divided by the subscription Run Rate at the beginning of the fiscal year to calculate a cancellation rate. This cancellation rate is then subtracted from 100% to derive the annualized Retention Rate for the period.

Retention Rate is computed by operating segment on a product/service-by-product/service basis. In general, if a client reduces the number of products or services to which it subscribes within a segment, or switches between products or services within a segment, we treat it as a cancellation for purposes of calculating our Retention Rate except in the case of a product or service switch that management considers to be a replacement product or service. In those replacement cases, only the net change to the client subscription, if a decrease, is reported as a cancel. In the Analytics and the ESG operating segments, substantially all product or service switches are treated as replacement products or services and netted in this manner, while in our Index and Real Estate operating segments, product or service switches that are treated as replacement products or services and receive netting treatment occur only in certain limited instances. In addition, we treat any reduction in fees resulting from a down-sale of the same product or service as a cancellation to the extent of the reduction. We do not calculate Retention Rate for that portion of our Run Rate attributable to assets in index-linked investment products or futures and options contracts, in each case, linked to our indexes.

In our product lines, Retention Rate is generally higher during the first three quarters and lower in the fourth quarter, as the fourth quarter is traditionally the largest renewal period in the year.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, "Introduction and Basis of Presentation," of the Notes to Consolidated Financial Statements included in our Form 10-K and also in Note 2, "Recent Accounting Standards Updates," in the Notes to Unaudited Condensed Consolidated Financial Statements included herein. There have been no significant changes in our accounting policies or critical accounting estimates since the end of the fiscal year ended December 31, 2019 other than those described in Note 2, "Recent Accounting Standards Updates" in the Notes to Unaudited Condensed Consolidated Financial Statements included herein.

Liquidity and Capital Resources

We require capital to fund ongoing operations, internal growth initiatives and acquisitions. Our primary sources of liquidity are cash flows generated from our operations, existing cash and cash equivalents and credit capacity under our existing credit facility. In addition, we believe we have access to additional funding in the public and private markets. We intend to use these sources of liquidity to, among other things, service our existing and future debt obligations, fund our working capital requirements for capital expenditures, investments, acquisitions and dividend payments, and repurchases of our common stock. In connection with our business strategy, we regularly evaluate acquisition and strategic partnership opportunities. We believe our liquidity, along with other financing alternatives, will provide the necessary capital to fund these transactions and achieve our planned growth.

Senior Notes and Credit Agreement

We have an aggregate of $3,400.0 million in Senior Notes outstanding and a $400.0 million undrawn Revolving Credit Agreement with a syndicate of banks. See Note 7, "Commitments and Contingencies," of the Notes to Unaudited Condensed Consolidated Financial Statements included herein for additional information on our Senior Notes and Revolving Credit Agreement.

The Senior Notes and the Revolving Credit Agreement are fully and unconditionally, and jointly and severally, guaranteed by our direct or indirect wholly owned domestic subsidiaries that account for more than 5% of our and our subsidiaries' consolidated assets, other than certain excluded subsidiaries (the "subsidiary guarantors"). Amounts due under the Revolving Credit Agreement are our and the subsidiary guarantors' senior unsecured obligations and rank equally with the Senior Notes and any of our other unsecured, unsubordinated debt, senior to any of our subordinated debt and effectively subordinated to our secured debt to the extent of the assets securing such debt.

The indentures governing our Senior Notes (the "Indentures") among us, each of the subsidiary guarantors, and Wells Fargo Bank, National Association, as trustee, contain covenants that limit our and certain of our subsidiaries' ability to, among other things, incur liens, enter into sale/leaseback transactions and consolidate, merge or sell all or substantially all of our assets. In addition, the Indentures restrict our non-guarantor subsidiaries' ability to create, assume, incur or guarantee additional indebtedness without such non-guarantor subsidiaries guaranteeing the Senior Notes on a *pari passu* basis.

The Revolving Credit Agreement contains affirmative and restrictive covenants that, among other things, limit our ability and the ability of our existing or future subsidiaries to:

- incur liens and further negative pledges;
- incur additional indebtedness or prepay, redeem or repurchase indebtedness;
- make loans or hold investments;
- merge, dissolve, liquidate, consolidate with or into another person;
- enter into acquisition transactions;
- enter into sale/leaseback transactions;
- issue disqualified capital stock;
- sell, transfer or dispose of assets;
- pay dividends or make other distributions in respect of our capital stock or engage in stock repurchases, redemptions and other restricted payments;
- create new subsidiaries;
- permit certain restrictions affecting our subsidiaries;
- change the nature of our business, accounting policies or fiscal periods;
- enter into any transactions with affiliates other than on an arm's-length basis; and
- amend our organizational documents or amend, modify or change the terms of certain agreements relating to our indebtedness.

The Revolving Credit Agreement and the Indentures also contain customary events of default, including those relating to non-payment, breach of representations, warranties or covenants, cross-default and cross-acceleration, bankruptcy and insolvency events, invalidity or impairment of loan documentation or collateral, change of control and customary ERISA defaults. None of the restrictions above are expected to impact our ability to effectively operate the business.

The Revolving Credit Agreement also requires us and our subsidiaries to achieve financial and operating results sufficient to maintain compliance with the following financial ratios on a consolidated basis through the termination of the Revolving Credit Agreement: (1) the maximum Consolidated Leverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall not exceed 4.25:1.00 and (2) the minimum Consolidated Interest Coverage Ratio (as defined in the Revolving Credit Agreement) measured quarterly on a rolling four-quarter basis shall be at least 4.00:1.00. As of June 30, 2020, our Consolidated Leverage Ratio was 3.40:1.00 and our Consolidated Interest Coverage Ratio was 5.98:1.00. As of June 30, 2020, there were no amounts drawn and outstanding under the Revolving Credit Agreement.

Our non-guarantor subsidiaries under the Senior Notes consist of: (i) domestic subsidiaries of the Company that account for 5% or less of consolidated assets of the Company and its subsidiaries and (ii) any foreign or domestic subsidiary of the Company that is deemed to be a controlled foreign corporation within the meaning of Section 957 of the Internal Revenue Code of 1986, as amended. Our non-guarantor subsidiaries accounted for approximately $925.6 million, or 56.9%, of our total revenue for the trailing 12 months ended June 30, 2020, approximately $310.5 million, or 37.7%, of our consolidated operating income for the trailing 12 months ended June 30, 2020, and approximately $891.9 million, or 21.2%, of our consolidated total assets (excluding intercompany assets) and $614.1 million, or 13.7%, of our consolidated total liabilities, in each case as of June 30, 2020.

Share Repurchases

The following table provides information with respect to repurchases of the Company's common stock pursuant to open market repurchases:

Six Months Ended	Average Price Paid Per Share	Total Number of Shares Repurchased	Dollar Value of Shares Repurchased
		(in thousands)	
June 30, 2020	$ 250.65	1,423	$ 356,770
June 30, 2019	$ 147.97	690	$ 102,081

As of June 30, 2020, there was $1,099.3 million of available authorization remaining under the 2018 Repurchase Program.

Cash Dividend

On July 27, 2020, the Board of Directors declared a quarterly cash dividend of $0.78 per share for the three months ending September 30, 2020. This reflects an increase of 14.7% over the quarterly cash dividend declared for the three months ended June 30, 2020. The third quarter 2020 dividend is payable on August 31, 2020 to shareholders of record as of the close of trading on August 14, 2020.

Cash Flows

	As of	
	June 30, 2020	December 31, 2019
	(in thousands)	
Cash and cash equivalents	$ 1,384,977	$ 1,506,567

Cash and cash equivalents were $1,385.0 million and $1,506.6 million as of June 30, 2020 and December 31, 2019, respectively. We typically seek to maintain minimum cash balances globally of approximately $200.0 million to $250.0 million for general operating purposes but may maintain higher minimum cash balances while the COVID-19 pandemic continues to impact global economic markets. As of June 30, 2020 and December 31, 2019, $336.0 million and $321.2 million, respectively, of the cash and cash equivalents were held by foreign subsidiaries. As a result of Tax Reform, we can now more efficiently access a significant portion of our cash held outside of the U.S. in the short-term without being subject to U.S. income taxes. Repatriation of some foreign cash may still be subject to certain withholding taxes in local jurisdictions and other distribution restrictions. The global cash and cash equivalent balances that are maintained will be available to meet our global needs whether for general corporate purposes or other needs, including acquisitions or expansion of our products.

We believe that global cash flows from operations, together with existing cash and cash equivalents and funds available under our existing credit facility and our ability to access the debt and capital markets for additional funds, will continue to be sufficient to fund our global operating activities and cash commitments for investing and financing activities, such as material capital expenditures and share repurchases, for at least the next 12 months and for the foreseeable future thereafter. In addition, we expect that foreign cash flows from operations, together with existing cash and cash equivalents will continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities, such as material capital expenditures, for at least the next 12 months and for the foreseeable future thereafter.

Net Cash Provided by (Used In) Operating, Investing and Financing Activities

	Six Months Ended June 30,	
	2020	2019
	(in thousands)	
Net cash provided by operating activities	$ 375,386	$ 277,345
Net cash used in investing activities	(213,174)	(20,527)
Net cash used in financing activities	(275,051)	(391,549)
Effect of exchange rate changes	(8,751)	1,672
Net decrease in cash	$ (121,590)	$ (133,059)

Cash Flows From Operating Activities

Cash flows from operating activities consist of net income adjusted for certain non-cash items and changes in assets and liabilities. Cash provided by operating activities was $375.4 million and $277.3 million for the six months ended June 30, 2020 and 2019, respectively. The year-over-year increase was primarily driven by higher cash collections from customers and the benefit of lower payments for income taxes, partially offset by higher interest payments. As a result of a provision within the Cares Act, we have elected to defer estimated payments for income taxes for the year ending December 31, 2020 that historically would have been paid in the six months ended June 30, 2020 into the month of July 2020.

Our primary uses of cash from operating activities are for the payment of cash compensation expenses, office rent, technology costs, market data costs, interest expenses and income taxes. Historically, the payment of cash for compensation and benefits is at its highest level in the first quarter when we pay discretionary employee compensation related to the previous fiscal year.

Cash flows from operating activities for the year ending December 31, 2020 are expected to decrease from those for the year ended December 31, 2019, in part, from the impact of the COVID-19 pandemic.

Cash Flows From Investing Activities

Cash used in investing activities was $213.2 million for the six months ended June 30, 2020 compared to $20.5 million for the six months ended June 30, 2019. The year-over-year change was primarily driven by the $190.8 million investment in Burgiss.

We expect to continue to invest in the business despite the COVID-19 pandemic, with cash flows for capital expenditures for the year ending December 31, 2020 expected to increase from the year ended December 31, 2019.

Cash Flows From Financing Activities

Cash used in financing activities was $275.1 million for the six months ended June 30, 2020 compared to $391.5 million for the six months ended June 30, 2019. The year-over-year change was primarily driven by the impact of the 2031 Senior Notes and 2030 Senior Notes offerings in May 2020 and February 2020, respectively. This was partially offset by the early redemptions of the 2025 Senior Notes and 2024 Senior Notes, as well as the impact of higher share repurchases.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Risk

We are subject to foreign currency exchange fluctuation risk. Exchange rate movements can impact the U.S. dollar-reported value of our revenues, expenses, assets and liabilities denominated in non-U.S. dollar currencies or where the currency of such items is different than the functional currency of the entity where these items were recorded.

We generally invoice our clients in U.S. dollars; however, we invoice a portion of our clients in Euros, British pounds sterling, Japanese yen and a limited number of other non-U.S. dollar currencies. For the six months ended June 30, 2020 and 2019, 13.9% and 14.0%, respectively, of our revenues are subject to foreign currency exchange rate risk and primarily includes clients billed in foreign currency as well as U.S. dollar exposures on non-U.S. dollar foreign operating entities. Of the 13.9% of non-U.S. dollar exposure for the six months ended June 30, 2020, 39.7% was in Euros, 27.4% was in Japanese yen and 23.6% was in British pounds sterling. Of the 14.0% of non-U.S. dollar exposure for the six months ended June 30, 2019, 41.2% was in Euros, 26.0% was in Japanese yen and 22.5% was in British pounds sterling.

Revenues from index-linked investment products represented 22.8% and 22.4% of operating revenues for the six months ended June 30, 2020 and 2019, respectively. While a substantial portion of our fees for index-linked investment products are invoiced in U.S. dollars, the fees are based on the investment product's assets, of which more than three-fifths are invested in securities denominated in currencies other than the U.S. dollar. Accordingly, declines in such other currencies against the U.S. dollar will decrease the fees payable to us under such licenses. In addition, declines in such currencies against the U.S. dollar could impact the attractiveness of such investment products resulting in net fund outflows, which would further reduce the fees payable under such licenses.

We are exposed to additional foreign currency risk in certain of our operating costs. Approximately 40.5% and 40.8% of our operating expenses for the six months ended June 30, 2020 and 2019, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Hungarian forints, Euros, Hong Kong dollars, Swiss francs, and Mexican pesos. Expenses incurred in foreign currency may increase as we expand our business outside the U.S.

We have certain monetary assets and liabilities denominated in currencies other than local functional amounts and when these balances are remeasured into their local functional currency, either a gain or a loss results from the change of the value of the functional currency as compared to the originating currencies. We manage foreign currency exchange rate risk, in part, through the use of derivative financial instruments comprised principally of forward contracts on foreign currency which are not designated as hedging instruments for accounting purposes. The objective of the derivative instruments is to minimize the impact on the income statement of the volatility of amounts denominated in certain foreign currencies. We recognized total foreign currency exchange gains of $1.4 million and losses of $3.1 million for the six months ended June 30, 2020 and 2019, respectively.

Item 4. Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures, as defined in Rule 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), as of June 30, 2020, and have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company in the ordinary course of business. While the amounts claimed could be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that MSCI's business, operating results, financial condition or cash flows in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are currently pending or asserted will not, individually or in the aggregate, have a material effect on MSCI's business, operating results, financial condition or cash flows.

Item 1A. Risk Factors

There have been no material changes to the significant risk factors and uncertainties known to the Company and disclosed in the Company's Form 10-K for the fiscal year ended December 31, 2019 and Form 10-Q for the period ended March 31, 2020 that, if they were to materialize or occur, would, individually or in the aggregate, have a material effect on MSCI's business, operating results, financial condition or cash flows.

For a discussion of the risk factors affecting the Company, see "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for fiscal year 2019 and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

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

There have been no unregistered sales of equity securities.

The table below presents information with respect to purchases made by or on behalf of the Company of its common shares during the three months ended June 30, 2020.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2)
April 1, 2020-April 30, 2020	113,551	$ 273.79	113,494	$1,099,316,000
May 1, 2020-May 31, 2020	810	$ 334.99	—	$1,099,316,000
June 1, 2020-June 30, 2020	971	$ 323.32	—	$1,099,316,000
Total	115,332	$ 274.63	113,494	$1,099,316,000

(1) Includes (i) shares purchased by the Company on the open market under the 2019 Repurchase Program; (ii) shares withheld to satisfy tax withholding obligations on behalf of employees that occur upon vesting and delivery of outstanding shares underlying restricted stock units; (iii) shares withheld to satisfy tax withholding obligations and exercise price on behalf of employees that occur upon exercise and delivery of outstanding shares underlying stock options; and (iv) shares held in treasury under the MSCI Inc. Non-Employee Directors Deferral Plan. The value of shares withheld to satisfy tax withholding obligations was determined using the fair market value of the Company's common stock on the date of withholding, using a valuation methodology established by the Company.

(2) See Note 9, "Shareholders' Equity (Deficit)" of the Notes to the Unaudited Condensed Consolidated Financial Statements included herein for further information regarding our stock repurchase programs.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

	Exhibit Number	Description
	3.1	Third Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on May 4, 2012 and incorporated by reference herein)
	3.2	Amended and Restated Bylaws (filed as Exhibit 3.2 to the Company's Form 10-Q (File No. 001-33812), filed with the SEC on May 4, 2012 and incorporated by reference herein)
	4.1	Indenture, dated as of May 26, 2020, among MSCI Inc., each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee (Exhibit 4.1 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on May 26, 2020 and incorporated by reference herein)
	4.2	Form of Note for MSCI Inc. 3.875% Senior Notes due February 15, 2031 (included in Exhibit 4.1 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on May 26, 2020 and incorporated by reference herein)
	11	Statement Re: Computation of Earnings Per Common Share (The calculation of per share earnings is in Part I, Item 1, Note 4 to the Condensed Consolidated Financial Statements (Earnings Per Common Share) and is omitted in accordance with Section (b)(11) of Item 601 of Regulation S-K)
*	31.1	Rule 13a-14(a) Certification of the Chief Executive Officer
*	31.2	Rule 13a-14(a) Certification of the Chief Financial Officer
**	32.1	Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer
*	101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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
*	104.DEF	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.

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.

Dated: July 29, 2020

MSCI INC.
(Registrant)

By: /s/ Linda S. Huber
Linda S. Huber
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

SECTION 302 CERTIFICATION

I, Henry A. Fernandez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MSCI Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2020

/s/ Henry A. Fernandez
Henry A. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Linda S. Huber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MSCI Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2020

/s/ Linda S. Huber
Linda S. Huber
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Henry A. Fernandez, Chairman and Chief Executive Officer of MSCI Inc. (the "Registrant") and Linda S. Huber, Chief Financial Officer of the Registrant, each hereby certifies that, to the best of his/her knowledge:

1. The Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2020 (the "Periodic Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition of the Registrant at the end of the period covered by the Periodic Report and results of operations of the Registrant for the periods covered by the Periodic Report.

Date: July 29, 2020

/s/ Henry A. Fernandez	/s/ Linda S. Huber
Henry A. Fernandez	Linda S. Huber
Chairman and Chief Executive Officer	Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)