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, 2021

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	**13-4038723**
(State or other jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**
7 World Trade Center **250 Greenwich Street, 49th Floor** **New York, New York**	**10007**
(Address of Principal Executive Offices)	**(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 20, 2021, there were 82,442,291 shares of the registrant's common stock, par value $0.01, outstanding.

FOR THE QUARTER ENDED JUNE 30, 2021

TABLE OF CONTENTS

AVAILABLE INFORMATION

Our corporate headquarters is located at 7 World Trade Center, 250 Greenwich Street, 49th Floor, New York, New York, 10007, and our telephone number is (212) 804-3900. We maintain a website on the internet at www.msci.com. The contents of our website are not a part of or incorporated by reference in this Quarterly Report on Form 10-Q.

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). The SEC maintains a website that contains reports, proxy and information statements and other information that we file electronically with the SEC at www.sec.gov. We also make available free of charge, on or through our website, these reports, proxy statements and other information as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these, click on the “SEC Filings” link found on our Investor Relations homepage (http://ir.msci.com).

We also use our Investor Relations homepage, Corporate Responsibility homepage and corporate Twitter account (@MSCI_Inc) as channels of distribution of Company information. The information we post through these channels may be deemed material.

Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive email alerts and other information about us when you enroll your email address by visiting the “Email Alert Subscription” section of our Investor Relations homepage at http://ir.msci.com/alerts.cfm. The contents of our website, including our Investor Relations homepage, Corporate Responsibility homepage and social media channels are not, however, a part of or incorporated by reference in this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

We have included in this Quarterly Report on Form 10-Q, and from time to time may make in our public filings, press releases or other public statements, certain statements that constitute forward-looking statements. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and represent only MSCI’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

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. Statements concerning our financial position, business strategy and plans or objectives for future operations are forward-looking statements. 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 our control and that could materially affect our actual results, levels of activity, performance or achievements. Such risks and uncertainties include those set forth under “Risk Factors” in Part I, Item 1A of the 2020 Annual Report on Form 10-K filed with the SEC on February 12, 2021. Other factors that could materially affect actual results, levels of activity, performance or achievements can be found in quarterly reports on Form 10-Q and current reports on Form 8-K filed or furnished with the SEC. The forward-looking statements in this report speak only as of the time they are made and do not necessarily reflect our outlook at any other point in time. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or for any other reason. Therefore, readers should carefully review the risk factors set forth in other reports or documents we file from time to time 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, 2021	December 31, 2020
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,972,002	$ 1,300,521
Accounts receivable, net of allowances	488,570	558,569
Prepaid income taxes	57,638	20,097
Prepaid and other assets	40,333	46,411
Total current assets	2,558,543	1,925,598
Property, equipment and leasehold improvements, net	71,432	80,446
Right of use assets	146,070	153,330
Goodwill	1,566,612	1,566,022
Intangible assets, net	208,473	234,748
Equity method investment	187,452	190,898
Deferred tax assets	27,696	23,627
Other non-current assets	24,798	23,978
Total assets	$ 4,791,076	$ 4,198,647
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 11,253	$ 14,253
Income taxes payable	32,308	26,195
Accrued compensation and related benefits	109,205	161,557
Other accrued liabilities	135,738	143,894
Deferred revenue	662,168	675,870
Total current liabilities	950,672	1,021,769
Long-term debt	3,963,622	3,366,777
Long-term operating lease liabilities	145,285	152,342
Deferred tax liabilities	8,347	12,774
Other non-current liabilities	90,957	88,219
Total liabilities	5,158,883	4,641,881
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; 133,142,605 and 132,829,175 common shares issued and 82,437,837 and 82,573,407 common shares outstanding at June 30, 2021 and December 31, 2020, respectively)	1,331	1,328
Treasury shares, at cost (50,704,768 and 50,255,768 common shares held at June 30, 2021 and December 31, 2020, respectively)	(4,529,573)	(4,342,535)
Additional paid in capital	1,433,717	1,402,537
Retained earnings	2,785,727	2,554,295
Accumulated other comprehensive loss	(59,009)	(58,859)
Total shareholders' equity (deficit)	(367,807)	(443,234)
Total liabilities and shareholders' equity (deficit)	$ 4,791,076	$ 4,198,647

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, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(unaudited)			
Operating revenues	$ 498,180	$ 409,616	$ 976,603	$ 826,396
Operating expenses:				
Cost of revenues	87,327	70,456	173,107	145,065
Selling and marketing	58,191	51,617	114,658	107,166
Research and development	27,531	22,534	52,393	49,096
General and administrative	30,182	28,309	64,910	59,142
Amortization of intangible assets	30,396	14,062	45,464	27,838
Depreciation and amortization of property, equipment and leasehold improvements	7,020	7,463	14,163	15,030
Total operating expenses	240,647	194,441	464,695	403,337
Operating income	257,533	215,175	511,908	423,059
Interest income	(347)	(771)	(733)	(4,254)
Interest expense	39,557	41,227	77,141	81,458
Other expense (income)	22,628	35,552	23,777	43,839
Other expense (income), net	61,838	76,008	100,185	121,043
Income before provision for income taxes	195,695	139,167	411,723	302,016
Provision for income taxes	30,272	24,044	49,481	38,768
Net income	$ 165,423	$ 115,123	$ 362,242	$ 263,248
Earnings per basic common share	$ 2.01	$ 1.38	$ 4.39	$ 3.12
Earnings per diluted common share	$ 1.99	$ 1.36	$ 4.34	$ 3.10
Weighted average shares outstanding used in computing earnings per share				
Basic	82,454	83,666	82,546	84,268
Diluted	83,295	84,349	83,393	84,948

See Notes to Condensed Consolidated Financial Statements (Unaudited)

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

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(unaudited)			
Net income	$ 165,423	$ 115,123	$ 362,242	$ 263,248
Other comprehensive (loss) income:				
Foreign currency translation adjustments	879	1,562	(826)	(10,801)
Income tax effect	(35)	(379)	577	2,089
Foreign currency translation adjustments, net	844	1,183	(249)	(8,712)
Pension and other post-retirement adjustments	(59)	(88)	197	218
Income tax effect	22	41	(98)	5
Pension and other post-retirement adjustments, net	(37)	(47)	99	223
Other comprehensive (loss) income, net of tax	807	1,136	(150)	(8,489)
Comprehensive income	$ 166,230	$ 116,259	$ 362,092	$ 254,759

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, 2020	$ 1,328	$ (4,342,535)	$ 1,402,537	$ 2,554,295	$ (58,859)	$ (443,234)
Net income				196,819		196,819
Dividends declared ($0.78 per common share)				(65,947)		(65,947)
Dividends paid in shares			66			66
Other comprehensive income (loss), net of tax					(957)	(957)
Common stock issued	3					3
Shares withheld for tax withholding and exercises		(52,814)				(52,814)
Compensation payable in common stock			18,842			18,842
Common stock repurchased and held in treasury		(134,340)				(134,340)
Common stock issued to Directors and (held in)/released from treasury		(20)				(20)
Balance at March 31, 2021	1,331	(4,529,709)	1,421,445	2,685,167	(59,816)	(481,582)
Net income				165,423		165,423
Dividends declared ($0.78 per common share)				(64,863)		(64,863)
Dividends paid in shares			20			20
Other comprehensive income (loss), net of tax					807	807
Common stock issued						—
Shares withheld for tax withholding and exercises		(620)				(620)
Compensation payable in common stock			12,252			12,252
Common stock repurchased and held in treasury						—
Common stock issued to Directors and (held in)/released from treasury		756				756
Balance at June 30, 2021	$ 1,331	$ (4,529,573)	$ 1,433,717	$ 2,785,727	$ (59,009)	$ (367,807)
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
Balance at June 30, 2020	$ 1,328	$ (3,968,544)	$ 1,380,772	$ 2,346,580	$ (71,068)	$ (310,932)

See Notes to Condensed Consolidated Financial Statements (Unaudited)

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

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net income	$ 362,242	$ 263,248
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	45,464	27,838
Stock-based compensation expense	30,856	29,265
Depreciation and amortization of property, equipment and leasehold improvements	14,163	15,030
Amortization of right of use assets	12,129	12,017
Amortization of debt origination fees	2,340	2,231
Loss on extinguishment of debt	21,792	44,930
Deferred taxes	(8,488)	(9,844)
Other adjustments	4,036	582
Changes in assets and liabilities:		
Accounts receivable	69,119	32,131
Prepaid income taxes	(37,679)	12,364
Prepaid and other assets	4,597	3,849
Accounts payable	(5,211)	(101)
Accrued compensation and related benefits	(50,793)	(69,324)
Income taxes payable	7,699	16,187
Other accrued liabilities	(10,359)	(8,631)
Deferred revenue	(12,668)	14,818
Long-term operating lease liabilities	(11,135)	(11,615)
Other	2,410	411
Net cash provided by operating activities	440,514	375,386
Cash flows from investing activities		
Acquisition of equity method investment	—	(190,816)
Capitalized software development costs	(18,937)	(14,761)
Capital expenditures	(2,473)	(7,597)
Other	(911)	—
Net cash used in investing activities	(22,321)	(213,174)
Cash flows from financing activities		
Proceeds from borrowings, inclusive of premium	1,103,750	1,405,000
Repayment of borrowings	(518,245)	(1,142,382)
Repurchase of common stock held in treasury	(187,774)	(404,567)
Payment of dividends	(130,557)	(116,409)
Payment of debt issuance costs in connection with debt	(10,316)	(16,693)
Net cash provided by (used in) financing activities	256,858	(275,051)
Effect of exchange rate changes	(3,570)	(8,751)
Net increase (decrease) in cash	671,481	(121,590)
Cash and cash equivalent, beginning of period	1,300,521	1,506,567
Cash and cash equivalent, end of period	$ 1,972,002	$ 1,384,977
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 77,076	$ 90,623
Cash paid for income taxes, net of refunds received	$ 83,139	$ 19,560
Supplemental disclosure of non-cash investing activities		
Property, equipment and leasehold improvements in other accrued liabilities	$ 4,393	$ 5,092
Supplemental disclosure of non-cash financing activities		
Cash dividends declared, but not yet paid	$ 1,582	$ 1,129

See 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”) and climate solutions; 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, 2021 and December 31, 2020, the results of operations, comprehensive income and shareholders’ equity (deficit) for the three and six months ended June 30, 2021 and 2020 and cash flows for the six months ended June 30, 2021 and 2020. The unaudited condensed consolidated statement of financial condition and related financial statement information as of December 31, 2020 have been derived from the 2020 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, 2020. 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 operating revenues 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.

Certain prior period amounts have been reclassified to conform to the current period presentation. Effective January 1, 2021, the ESG and Climate operating segment is being presented as a separate reportable segment. The operating segments of Real Estate and The Burgiss Group, LLC (“Burgiss”) do not individually meet the segment reporting thresholds and have been combined and presented as part of the All Other – Private Assets reportable segment. The Company’s ownership interest in Burgiss, a global provider of investment decision tools for private capital, is classified as an equity-method investment. Therefore, the All Other – Private Assets segment does not include the Company’s proportionate share of operating revenues and Adjusted EBITDA related to Burgiss. The Company’s proportionate share of the income or loss from its equity method investment in Burgiss is not a component of Adjusted EBITDA as it is reported as a component of other (expense) income, net.

Concentrations

For the six months ended June 30, 2021 and 2020, BlackRock, Inc. accounted for 12.4% and 10.9% of the Company’s consolidated operating revenues, respectively. For the six months ended June 30, 2021 and 2020, BlackRock, Inc. accounted for 19.8% and 17.9% of the Index segment operating revenues, respectively. No single customer represented 10.0% or more of operating revenues within the Analytics, ESG and Climate and All Other – Private Assets segments for the six months ended June 30, 2021 and 2020.

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, 2019 to June 30, 2021 were as follows:

	Amount (in thousands)
Balance as of December 31, 2019	$ 1,715
Addition (reduction) to credit loss expense	1,712
Write-offs, net of recoveries	(1,844)
Balance as of December 31, 2020	$ 1,583
Addition (reduction) to credit loss expense	523
Adjustments and write-offs, net of recoveries	(389)
Balance as of June 30, 2021	$ 1,717

2. RECENT ACCOUNTING STANDARDS UPDATES

There are no pending accounting standards updates that are currently expected to have a material impact on the Company.

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:

	For the Three Months ended June 30, 2021				
	Segments				
(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Revenue Types					
Recurring subscriptions	$ 160,061	$ 133,368	$ 38,567	$ 16,134	$ 348,130
Asset-based fees	136,142	—	—	—	136,142
Non-recurring	9,760	2,534	741	873	13,908
Total	$ 305,963	$ 135,902	$ 39,308	$ 17,007	$ 498,180

	For the Six Months ended June 30, 2021				
	Segments				
(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Revenue Types					
Recurring subscriptions	$ 315,178	$ 265,040	$ 72,707	$ 32,937	$ 685,862
Asset-based fees	262,848	—	—	—	262,848
Non-recurring	20,428	4,879	1,351	1,235	27,893
Total	$ 598,454	$ 269,919	$ 74,058	$ 34,172	$ 976,603

	For the Three Months ended June 30, 2020				
	Segments				
(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Revenue Types					
Recurring subscriptions	$ 145,404	$ 126,189	$ 25,908	$ 12,383	$ 309,884
Asset-based fees	88,075	—	—	—	88,075
Non-recurring	9,429	1,374	394	460	11,657
Total	$ 242,908	$ 127,563	$ 26,302	$ 12,843	$ 409,616

(in thousands)	For the Six Months ended June 30, 2020 — Segments: Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Revenue Types					
Recurring subscriptions	$ 285,244	$ 250,254	$ 50,809	$ 28,002	$ 614,309
Asset-based fees	188,271	—	—	—	188,271
Non-recurring	18,649	2,817	726	1,624	23,816
Total	$ 492,164	$ 253,071	$ 51,535	$ 29,626	$ 826,396

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

	Accounts receivable	Deferred revenue
	(in thousands)	
Opening (December 31, 2020)	$ 558,569	$ 675,870
Closing (June 30, 2021)	488,570	662,168
Increase/(decrease)	$ (69,999)	$ (13,702)

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

The amounts of revenue recognized in the periods that were included in the opening current deferred revenue, which reflects contract liability amounts, were $208.3 million and $478.6 million for the three and six months ended June 30, 2021, respectively and $173.3 million and $385.6 million for the three and six months ended June 30, 2020, 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, 2021, 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, 2021
	(in thousands)
First 12-month period	$ 351,845
Second 12-month period	197,787
Third 12-month period	65,524
Periods thereafter	16,706
Total	$ 631,862

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 the explicit vesting terms. 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, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net income	$ 165,423	$ 115,123	$ 362,242	$ 263,248
Basic weighted average common shares outstanding	82,454	83,666	82,546	84,268
Effect of dilutive securities:				
Restricted stock units	841	683	847	680
Diluted weighted average common shares outstanding	83,295	84,349	83,393	84,948
Earnings per basic common share	$ 2.01	$ 1.38	$ 4.39	$ 3.12
Earnings per diluted common share	$ 1.99	$ 1.36	$ 4.34	$ 3.10

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, 2021	As of December 31, 2020
	(in thousands)	
Computer & related equipment	$ 183,893	$ 186,786
Furniture & fixtures	14,988	15,276
Leasehold improvements	56,085	56,537
Work-in-process	2,810	2,996
Subtotal	257,776	261,595
Accumulated depreciation and amortization	(186,344)	(181,149)
Property, equipment and leasehold improvements, net	$ 71,432	$ 80,446

Depreciation and amortization expense of property, equipment and leasehold improvements was $7.0 million and $7.5 million for the three months ended June 30, 2021 and 2020, respectively. Depreciation and amortization expense of property, equipment and leasehold improvements was $14.2 million and $15.0 million for the six months ended June 30, 2021 and 2020, respectively.

6. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The following table presents goodwill by reportable segment:

(in thousands)	Index	Analytics	ESG and Climate	All Other - Private Assets	Total
Goodwill at December 31, 2020	$ 1,205,758	$ 290,976	$ 48,047	$ 21,241	$ 1,566,022
Foreign exchange translation adjustment	365	—	—	225	590
Goodwill at June 30, 2021	$ 1,206,123	$ 290,976	$ 48,047	$ 21,466	$ 1,566,612

Intangible Assets, Net

The following table presents the amount of amortization expense related to intangible assets by category for the periods indicated:

(in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Amortization expense of acquired intangible assets	$ 8,376	$ 8,607	$ 16,744	$ 17,385
Amortization expense of internally developed capitalized software	6,007	5,455	12,707	10,453
Write-off of internally developed capitalized software	16,013	—	16,013	—
Total amortization of intangible assets expense	$ 30,396	$ 14,062	$ 45,464	$ 27,838

As a result of management's decision to discontinue development and cease related sales activities of certain Analytics segment products and transition existing customers to other product offerings, the Company wrote off $16.0 million of certain internally developed capitalized software intangible assets (consisting of $46.3 million of gross intangible assets less $30.3 million of accumulated amortization) during the three months ended June 30, 2021. The non-cash charge is recorded as a component of "Amortization of intangible assets" on the Condensed Consolidated Statement of Income.

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

	As of June 30, 2021	As of December 31, 2020
	(in thousands)	
Gross intangible assets:		
Customer relationships	$ 356,700	$ 356,700
Trademarks	207,300	207,300
Acquired technology and software	177,720	177,720
Internally developed capitalized software	85,838	113,188
Proprietary data	28,627	28,627
Subtotal	856,185	883,535
Foreign exchange translation adjustment	(4,741)	(5,262)
Total gross intangible assets	$ 851,444	$ 878,273
Accumulated amortization:		
Customer relationships	$ (264,386)	$ (253,465)
Trademarks	(147,773)	(143,207)
Acquired technology and software	(174,390)	(174,032)
Internally developed capitalized software	(39,813)	(57,464)
Proprietary data	(16,680)	(15,730)
Subtotal	(643,042)	(643,898)
Foreign exchange translation adjustment	71	373
Total accumulated amortization	$ (642,971)	$ (643,525)
Net intangible assets:		
Customer relationships	$ 92,314	$ 103,235
Trademarks	59,527	64,093
Acquired technology and software	3,330	3,688
Internally developed capitalized software	46,025	55,724
Proprietary data	11,947	12,897
Subtotal	213,143	239,637
Foreign exchange translation adjustment	(4,670)	(4,889)
Total net intangible assets	$ 208,473	$ 234,748

The following table presents the estimated amortization expense for the remainder of the year ending December 31, 2021 and succeeding years:

Years Ending December 31,	Amortization Expense (in thousands)
Remainder of 2021	$ 26,782
2022	51,146
2023	45,359
2024	37,892
2025	21,290
Thereafter	26,004
Total	$ 208,473

7. COMMITMENTS AND CONTINGENCIES

Senior Unsecured Notes. The Company had an aggregate of $4,000.0 million in senior unsecured notes (collectively, the "Senior Notes") outstanding at June 30, 2021, as presented in the table below:

	Maturity Date	Principal Amount Outstanding at June 30, 2021	Carrying Value at June 30, 2021	Carrying Value at December 31, 2020	Fair Value at June 30, 2021	Fair Value at December 31, 2020
		(in thousands)				
Long-term debt						
4.75% senior unsecured notes due 2026	August 1, 2026	-	-	496,257	-	522,325
5.375% senior unsecured notes due 2027	May 15, 2027	500,000	496,145	495,819	533,825	538,100
4.000% senior unsecured notes due 2029	November 15, 2029	1,000,000	990,910	990,364	1,056,210	1,073,040
3.625% senior unsecured notes due 2030	September 1, 2030	900,000	893,932	395,458	923,022	419,428
3.875% senior unsecured notes due 2031	February 15, 2031	1,000,000	989,426	988,879	1,039,070	1,063,430
3.625% senior unsecured notes due 2031	November 1, 2031	600,000	593,209	-	617,244	-
Total long-term debt		$ 4,000,000	$ 3,963,622	$ 3,366,777	$ 4,169,371	$ 3,616,323

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

Senior Notes	First semi-annual interest payment date	Second semi-annual interest payment date
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	March 1	September 1
3.875% senior unsecured notes due 2031	June 1	December 1
3.625% senior unsecured notes due 2031	May 1	November 1

The fair market value of the Company's debt obligations represent Level 2 valuations. 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.

On March 26, 2021, the Company issued $500.0 million aggregate principal amount of 3.625% Senior Unsecured Notes due 2030 (the "2030 Senior Notes"), which constitute a further issuance of, are fully fungible with, rank equally with and form a single series with the $400.0 million aggregate principal amount of the 3.625% senior unsecured notes due 2030 issued on March 4, 2020. In connection with the completion of the offering, the Company announced that it intended to use a portion of the net proceeds from the offering, together with available cash, for the pre-maturity redemption or repurchase of all $500.0 million aggregate principal amount outstanding of its 4.750% senior unsecured notes due 2026 (the "2026 Senior Notes"). On April 12, 2021 the Company completed the pre-maturity redemption of all of its 2026 Senior Notes, which are reflected in the three months ended June 30, 2021. The pre-maturity redemption of the 2026 Senior Notes resulted in an approximately $21.8 million loss on extinguishment that was recorded in other expense (income) during the three months ended June 30, 2021, which includes an applicable premium of approximately $18.2 million (as set forth in the indenture governing the terms of the 2026 Senior Notes) and the write-off of approximately $3.6 million of unamortized debt issuance costs associated with the 2026 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 14, 2021, the Company issued $600.0 million aggregate principal amount of 3.625% 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 2031 Senior Notes are scheduled to mature and be paid in full on November 1, 2031. At any time prior to November 1, 2026, 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, thereon, to the date of redemption. In addition, the Company may redeem all or part of the 2031 Senior Notes, together with accrued and unpaid interest, on or after November 1, 2026, at redemption prices set forth in the indenture governing the 2031 Senior Notes. At any time prior to November 1, 2024, 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 103.625% of the principal amount plus accrued and unpaid interest, if any, to the redemption date.

Revolver. Since November 20, 2014, the Company has maintained a revolving credit agreement with a syndicate of banks (as amended, the “Revolving Credit Agreement”). On March 29, 2021, the Company entered into Amendment No. 4 (the “Fourth Amendment”) to the Revolving Credit Agreement. The Fourth Amendment, among other things, (i) increased aggregate commitments available to be borrowed by $100.0 million to an aggregate of $500.0 million of availability thereunder until November 2024, at which point the aggregate commitments will be $467.5 million, and (ii) extended the term to March 2026. At June 30, 2021, the Revolving Credit Agreement was undrawn.

In connection with the closings of the Senior Notes offerings, entry into the Revolving Credit Agreement and the subsequent 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, 2021, $38.6 million of the deferred financing fees and premium remain unamortized, $0.5 million of which is included in “Prepaid and other assets,” $1.8 million of which is included in “Other non-current assets” and $36.3 million of which is included in “Long-term debt” on the Unaudited Condensed Consolidated Statement of Financial Condition.

8. LEASES

The Company recognized a total of $7.5 million and $8.9 million of operating lease expenses for the three months ended June 30, 2021 and 2020, respectively. The Company recognized a total of $15.1 million and $17.8 million of operating lease expenses for the six months ended June 30, 2021 and 2020, respectively. The amounts associated with variable lease costs, short-term lease costs and sublease income were not material for any of the three and six months ended June 30, 2021 and 2020.

Future minimum commitments for the Company’s operating leases in place as of June 30, 2021, 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 2021	$	13,158
2022		26,672
2023		25,535
2024		20,231
2025		19,755
Thereafter		88,328
Total lease payments	$	193,679
Less: Interest		(27,017)
Present value of lease liabilities	$	166,662
Other accrued liabilities	$	21,377
Long-term operating lease liabilities	$	145,285

Lease term and discount rate for the Company's operating leases in place as of June 30, 2021 are as follows:

Lease Term and Discount Rate	As of June 30, 2021
Weighted-average remaining lease term (years)	8.68
Weighted-average discount rate	3.32%

Other information for the Company's operating leases in place for the six months ended June 30, 2021 are as follows:

Other Information (in thousands)	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Operating cash flows used for operating leases	$ 15,239	$ 15,355
Leased assets obtained in exchange for new operating lease liabilities	$ 5,074	$ 7,491

9. SHAREHOLDERS' EQUITY (DEFICIT)

Return of capital

On October 29, 2020, the Board of Directors authorized a stock repurchase program for the purchase of up to $1,000.0 million worth of shares of MSCI's common stock in addition to the $804.5 million of authorization then remaining under a previously existing share repurchase program (the "2020 Repurchase Program") for a total of $1,804.5 million of stock repurchase authorization.

Share repurchases made pursuant to the 2020 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, 2021, there was $1,594.4 million of available authorization remaining under the 2020 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, 2021	$ 407.70	330	$ 134,340
June 30, 2020	$ 250.65	1,423	$ 356,770

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	Dividends Declared	Dividends Distributed	Dividends (Released)/Deferred
2021				
Three Months Ended March 31,	$ 0.78	$ 65,947	$ 66,153	$ (206)
Three Months Ended June 30,	0.78	64,863	64,489	374
Total	$ 1.56	$ 130,810	$ 130,642	$ 168
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

Common Stock.

The following table presents activity related to shares of common stock issued and repurchased during the six months ended June 30, 2021:

	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Balance at December 31, 2020	132,829,175	(50,255,768)	82,573,407
Dividend payable/paid	160	(48)	112
Common stock issued	301,227	—	301,227
Shares withheld for tax withholding	—	(122,924)	(122,924)
Shares repurchased under stock repurchase programs	—	(329,508)	(329,508)
Shares issued to directors	—	—	—
Balance at March 31, 2021	133,130,562	(50,708,248)	82,422,314
Dividend payable/paid	43	(43)	—
Common stock issued	10,692	—	10,692
Shares withheld for tax withholding	—	(1,303)	(1,303)
Shares repurchased under stock repurchase programs	—	—	—
Shares issued to directors	1,308	4,826	6,134
Balance at June 30, 2021	133,142,605	(50,704,768)	82,437,837

10. INCOME TAXES

The Company's provision for income taxes was $49.5 million and $38.8 million for the six months ended June 30, 2021 and 2020, respectively. These amounts reflect effective tax rates of 12.0% and 12.8% for the six months ended June 30, 2021 and 2020, respectively.

The effective tax rate of 12.0% for the six months ended June 30, 2021 reflects the Company's estimate of the effective tax rate for the period and was impacted by certain favorable discrete items totaling $34.2 million, in relation to pretax income. For the six months ended June 30, 2021, these discrete items primarily related to $21.4 million of excess tax benefits recognized on share-based compensation vested during the period and $5.6 million related to the tax impact of loss on debt extinguishment recognized during the period on the redemption of the 2026 Senior Notes. Also included in the discrete items is a $2.3 million benefit related to the revaluation of deferred taxes as a result of the enactment of an increase in the UK corporate tax rate, a $2.1 million benefit related to the filing of prior year refund claims and $2.8 million of tax benefits related to other prior year items. In addition, the effective tax rate was impacted by the level of earnings.

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 favorable 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 share-based compensation vested during the period and $11.5 million related to the tax impact of loss on debt extinguishment recognized during the period. The discrete items also included 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 Company is under examination by 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 and California. The tax years currently under examination vary by jurisdiction but include years ranging from 2008 through 2020.

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. During the six months ended June 30, 2021, the Company's unrecognized tax benefits increased by $15.5 million principally due to the filing of prior year refund claims. Once established, the Company adjusts unrecognized tax benefits only when more information is available or when an event occurs necessitating a change. Based on the current status of income tax audits, the Company believes it is reasonably possible that the total amount of unrecognized benefits may decrease by approximately $30.0 million in the next twelve months as a result of the resolution of tax examinations.

11. SEGMENT INFORMATION

The Company has five operating segments: Index, Analytics, ESG and Climate, Real Estate and Burgiss, which are presented as the following four reportable segments: Index, Analytics, ESG and Climate and All Other – Private Assets.

Effective January 1, 2021, the Company began presenting four reportable segments with the ESG and Climate operating segment being presented as a separate reportable segment. The operating segments of Real Estate and Burgiss do not individually meet the segment reporting thresholds and have been combined and presented as part of All Other – Private Assets reportable segment. The Company's ownership interest in Burgiss is classified as an equity-method investment. Therefore, the All Other – Private Assets segment does not include the Company's proportionate share of operating revenues and Adjusted EBITDA related to Burgiss. The Company's proportionate share of the income or loss from its equity-method investment in Burgiss is not a component of Adjusted EBITDA as it is reported as a component of other (expense) income, net. Prior period amounts have been recast to reflect the current presentation.

The Index operating segment offers equity and fixed income indexes. The indexes are used in many areas of the investment process, including index-linked product creation (e.g., Exchange Traded Funds ("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 and Climate operating segment offers products and services that help institutional investors understand how ESG and climate 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, as well as climate solutions, are used in the construction of equity and fixed income indexes to help institutional investors more effectively benchmark ESG and climate investment performance, issue index-based investment products, as well as manage, measure and report on ESG and climate 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.

The change in reportable segments has not resulted in any changes to MSCI's Chief Operating Decision Maker ("CODM") or the basis for segment profitability from the information disclosed in our 2020 Annual Report on Form 10-K. The CODM continues to measure and evaluate 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, 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 following table presents operating revenues by reportable segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Operating revenues				
Index	$ 305,963	$ 242,908	$ 598,454	$ 492,164
Analytics	135,902	127,563	269,919	253,071
ESG and Climate	39,308	26,302	74,058	51,535
All Other - Private Assets	17,007	12,843	34,172	29,626
Total	$ 498,180	$ 409,616	$ 976,603	$ 826,396

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

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(in thousands)			
Index Adjusted EBITDA	$ 233,468	$ 183,256	$ 453,347	$ 366,843
Analytics Adjusted EBITDA	49,814	46,167	95,545	82,484
ESG and Climate Adjusted EBITDA	5,720	5,499	10,765	9,125
All Other - Private Assets Adjusted EBITDA	5,947	1,778	11,878	7,475
Total operating segment profitability	294,949	236,700	571,535	465,927
Amortization of intangible assets	30,396	14,062	45,464	27,838
Depreciation and amortization of property, equipment and leasehold improvements	7,020	7,463	14,163	15,030
Operating income	257,533	215,175	511,908	423,059
Other expense (income), net	61,838	76,008	100,185	121,043
Provision for income taxes	30,272	24,044	49,481	38,768
Net income	$ 165,423	$ 115,123	$ 362,242	$ 263,248

Operating revenues by geography are 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, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(in thousands)			
Operating revenues				
Americas:				
United States	$ 200,781	$ 175,819	$ 397,470	$ 356,865
Other	21,026	16,891	41,199	34,647
Total Americas	221,807	192,710	438,669	391,512
Europe, the Middle East and Africa ("EMEA"):				
United Kingdom	84,802	62,826	163,883	127,887
Other	113,258	90,209	219,452	178,138
Total EMEA	198,060	153,035	383,335	306,025
Asia & Australia:				
Japan	22,993	19,725	44,635	39,117
Other	55,320	44,146	109,964	89,742
Total Asia & Australia	78,313	63,871	154,599	128,859
Total	$ 498,180	$ 409,616	$ 976,603	$ 826,396

Long-lived assets consist of property, equipment and leasehold improvements, right of use assets and internally developed capitalized software, net of accumulated depreciation and amortization. The following table presents long-lived assets by geographic area on the dates indicated:

	As of	
	June 30, 2021	December 31, 2020
	(in thousands)	
Long-lived assets		
Americas:		
United States	$ 161,363	$ 182,776
Other	14,739	13,949
Total Americas	176,102	196,725
EMEA:		
United Kingdom	19,596	19,678
Other	32,720	33,561
Total EMEA	52,316	53,239
Asia & Australia:		
Japan	1,471	1,896
Other	33,934	37,946
Total Asia & Australia	35,405	39,842
Total	$ 263,823	$ 289,806

12. SUBSEQUENT EVENTS

On July 26, 2021, the Board of Directors declared a quarterly cash dividend of $1.04 per share for the three months ending September 30, 2021 ("third quarter 2021"). The third quarter 2021 dividend is payable on August 31, 2021 to shareholders of record as of the close of trading on August 13, 2021.

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, 2020 (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 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 indexed financial products, and facilitate reporting to stakeholders.

Our leading research-enhanced products and services include indexes; portfolio construction and risk management analytics; ESG and climate solutions; 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. Our content and capabilities can be accessed by our clients through multiple channels and platforms.

We are focused on product innovation to address the evolving needs of our clients in light of changing investment trends and an increasingly complex 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 robo-advisors and self-directed brokerages)
- Corporates

As of June 30, 2021, we served over 4,400[1] clients in more than 90 countries. As of June 30, 2021, we had offices in more than 30 cities across more than 20 countries to help serve our diverse client base, with 44.9% of our revenues coming from clients in the Americas, 39.3% in EMEA and 15.8% in Asia and Australia.

Our principal business model is generally to license annual, recurring subscriptions for the majority of our Index, Analytics and ESG and Climate 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.

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1 Represents the aggregate of all related clients under their respective parent entity.

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) extending leadership in research-enhanced content across asset classes, (b) enhancing distribution and content-enabling technology, (c) expanding solutions that empower client customization, (d) strengthening existing and developing new client relationships 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. More than three-fifths of the AUM is 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, 2021 and 2020 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,		
	2021	2020		2021	2020	% Change
	(in thousands, except per share data)					
Operating revenues	$ 498,180	$ 409,616	21.6%	$ 976,603	$ 826,396	18.2%
Operating expenses:						
Cost of revenues	87,327	70,456	23.9%	173,107	145,065	19.3%
Selling and marketing	58,191	51,617	12.7%	114,658	107,166	7.0%
Research and development	27,531	22,534	22.2%	52,393	49,096	6.7%
General and administrative	30,182	28,309	6.6%	64,910	59,142	9.8%
Amortization of intangible assets	30,396	14,062	116.2%	45,464	27,838	63.3%
Depreciation and amortization of property, equipment and leasehold improvements	7,020	7,463	(5.9%)	14,163	15,030	(5.8%)
Total operating expenses	240,647	194,441	23.8%	464,695	403,337	15.2%
Operating income	257,533	215,175	19.7%	511,908	423,059	21.0%
Other expense (income), net	61,838	76,008	(18.6%)	100,185	121,043	(17.2%)
Income before provision for income taxes	195,695	139,167	40.6%	411,723	302,016	36.3%
Provision for income taxes	30,272	24,044	25.9%	49,481	38,768	27.6%
Net income	$ 165,423	$ 115,123	43.7%	$ 362,242	$ 263,248	37.6%
Earnings per basic common share	$ 2.01	$ 1.38	45.7%	$ 4.39	$ 3.12	40.7%
Earnings per diluted common share	$ 1.99	$ 1.36	46.3%	$ 4.34	$ 3.10	40.0%
Operating margin	51.7%	52.5%		52.4%	51.2%	

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, ESG and Climate and All Other – Private Assets, which includes the Real Estate product line.

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

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	% Change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	% Change
	(in thousands)					
Recurring subscriptions	$ 348,130	$ 309,884	12.3%	$ 685,862	$ 614,309	11.6%
Asset-based fees	136,142	88,075	54.6%	262,848	188,271	39.6%
Non-recurring	13,908	11,657	19.3%	27,893	23,816	17.1%
Total operating revenues	$ 498,180	$ 409,616	21.6%	$ 976,603	$ 826,396	18.2%

Total operating revenues for the three months ended June 30, 2021 increased 21.6% to $498.2 million compared to $409.6 million for the three months ended June 30, 2020. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 20.6% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 18.2%, growing to $976.6 million compared to $826.4 million for the six months ended June 30, 2020. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 17.3% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Operating revenues from recurring subscriptions for the three months ended June 30, 2021 increased 12.3% to $348.1 million compared to $309.9 million for the three months ended June 30, 2020, primarily driven by growth in Index products, which increased $14.7 million, or 10.1%, strong growth in ESG and Climate products, which increased $12.7 million, or 48.9%, and growth in Analytics products, which increased $7.2 million, or 5.7%. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 11.0% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 11.6%, growing to $685.9 million compared to $614.3 million for the six months ended June 30, 2020, primarily driven by growth in Index products, which increased $29.9 million, or 10.5%, strong growth in ESG and Climate products, which increased $21.9 million, or 43.1%, and growth in Analytics products, which increased $14.8 million, or 5.9%. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 10.5% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

Operating revenues from asset-based fees for the three months ended June 30, 2021 increased 54.6% to $136.1 million compared to $88.1 million for the three months ended June 30, 2020. The increase in asset-based fees was driven by growth in revenues from all our index-linked investment product categories, including an increase in revenues from ETFs linked to MSCI equity indexes that was primarily driven by a 66.4% increase in average AUM in ETFs, partially offset by a decline in average basis point fees. The increase in revenues from asset-based fees was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes, primarily driven by an increase in average AUM. Revenues from exchange traded futures and options contracts linked to MSCI indexes also increased, primarily driven by fee increases, partially offset by lower volume. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

For the six months ended June 30, 2021, revenues from asset-based fees increased 39.6% to $262.8 million compared to $188.3 million for the six months ended June 30, 2020. The increase in asset-based fees was driven by growth in revenues from all our index-linked investment product categories, including an increase in revenues from ETFs linked to MSCI equity indexes that was primarily driven by a 48.8% increase in average AUM in ETFs, partially offset by a decline in average basis point fees. The increase in revenues from asset-based fees was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes primarily driven by an increase in average AUM. Revenues from exchange traded futures and options contracts linked to MSCI indexes also increased, primarily driven by fee increases, partially offset by lower volume. 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 ETFs linked to MSCI equity indexes and the sequential change of such assets as of the end of each of the periods indicated:

	Period Ended					
	2020				2021	
(in billions)	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,
AUM in ETFs linked to MSCI equity indexes(1), (2)	$ 709.5	$ 825.4	$ 908.9	$ 1,103.6	$ 1,209.6	$ 1,336.2
Sequential Change in Value						
Market Appreciation/(Depreciation)	$ (216.5)	$ 117.4	$ 57.0	$ 135.7	$ 43.2	$ 73.7
Cash Inflows	(8.4)	(1.5)	26.5	59.0	62.8	52.9
Total Change	$ (224.9)	$ 115.9	$ 83.5	$ 194.7	$ 106.0	$ 126.6

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

(in billions)	2020 March	2020 June	2020 September	2020 December	2021 March	2021 June
AUM in ETFs linked to MSCI equity indexes(1), (2)						
Quarterly average	$ 877.1	$ 776.9	$ 893.4	$ 999.2	$ 1,169.2	$ 1,292.4
Year-to-date average	$ 877.1	$ 827.0	$ 849.1	$ 886.7	$ 1,169.2	$ 1,230.8

(1) The historical values of the AUM in ETFs linked to our equity indexes as of the last day of the month and the monthly average balance can be found under the link "AUM in ETFs Linked to MSCI Equity 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 ETFs also includes AUM in Exchange Traded Notes, the value of which is less than 1.0% of the AUM amounts presented.

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

The average value of AUM in ETFs linked to MSCI equity indexes for the three months ended June 30, 2021 was $1,292.4 billion, up $515.5 billion, or 66.4%, from $776.9 billion for the three months ended June 30, 2020. For the six months ended June 30, 2021, it was $1,230.8 billion, up $403.8 billion, or 48.8%, from $827.0 billion for the six months ended June 30, 2020.

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

(in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	% Change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	% Change
Operating revenues:						
Index						
Recurring subscriptions	$ 160,061	$ 145,404	10.1%	$ 315,178	$ 285,244	10.5%
Asset-based fees	136,142	88,075	54.6%	262,848	188,271	39.6%
Non-recurring	9,760	9,429	3.5%	20,428	18,649	9.5%
Index total	305,963	242,908	26.0%	598,454	492,164	21.6%
Analytics						
Recurring subscriptions	133,368	126,189	5.7%	265,040	250,254	5.9%
Non-recurring	2,534	1,374	84.4%	4,879	2,817	73.2%
Analytics total	135,902	127,563	6.5%	269,919	253,071	6.7%
ESG and Climate						
Recurring subscriptions	38,567	25,908	48.9%	72,707	50,809	43.1%
Non-recurring	741	394	88.1%	1,351	726	86.1%
ESG and Climate total	39,308	26,302	49.4%	74,058	51,535	43.7%
All Other - Private Assets						
Recurring subscriptions	16,134	12,383	30.3%	32,937	28,002	17.6%
Non-recurring	873	460	89.8%	1,235	1,624	(24.0%)
All Other - Private Assets total	17,007	12,843	32.4%	34,172	29,626	15.3%
Total operating revenues	$ 498,180	$ 409,616	21.6%	$ 976,603	$ 826,396	18.2%

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, 2021	Three Months Ended June 30, 2020	% Change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	% Change
	(in thousands)					
Operating expenses:						
Cost of revenues	$ 87,327	$ 70,456	23.9%	$ 173,107	$ 145,065	19.3%
Selling and marketing	58,191	51,617	12.7%	114,658	107,166	7.0%
Research and development	27,531	22,534	22.2%	52,393	49,096	6.7%
General and administrative	30,182	28,309	6.6%	64,910	59,142	9.8%
Amortization of intangible assets	30,396	14,062	116.2%	45,464	27,838	63.3%
Depreciation and amortization of property, equipment and leasehold improvements	7,020	7,463	(5.9%)	14,163	15,030	(5.8%)
Total operating expenses	$ 240,647	$ 194,441	23.8%	$ 464,695	$ 403,337	15.2%

Total operating expenses for the three months ended June 30, 2021 increased 23.8% to $240.6 million compared to $194.4 million for the three months ended June 30, 2020. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 20.0% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 15.2%, growing to $464.7 million compared to $403.3 million for the six months ended June 30, 2020. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 12.4% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

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, cloud service, 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, 2021 increased 23.9% to $87.3 million compared to $70.5 million for the three months ended June 30, 2020, reflecting increases across all four reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher wages and salaries, incentive compensation and benefits costs, as well as higher non-compensation costs, reflecting higher professional fees, information technology costs and market data costs.

For the six months ended June 30, 2021, the increase was 19.3%, growing to $173.1 million compared to $145.1 million for the six months ended June 30, 2020, reflecting increases across all four reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher wages and salaries and incentive compensation, as well as higher non-compensation costs, reflecting higher professional fees, information technology costs and market data costs.

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, 2021 increased 12.7% to $58.2 million compared to $51.6 million for the three months ended June 30, 2020, primarily driven by higher costs in the Index, ESG and Climate and Analytics reportable segments. The change was driven by increases in compensation and benefits costs, including higher incentive compensation and wages and salaries, as well as higher non-compensation costs, primarily relating to higher information technology costs and recruiting costs.

For the six months ended June 30, 2021, the increase was 7.0%, growing to $114.7 million compared to $107.2 million for the six months ended June 30, 2020, primarily driven by higher costs in the ESG and Climate and Index reportable segments. The change was driven by increases in compensation and benefits costs, including incentive compensation, wages and salaries and benefits costs, partially offset by decreases in non-compensation costs, primarily relating to lower 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, 2021 increased 22.2% to $27.5 million compared to $22.5 million for the three months ended June 30, 2020, reflecting higher investment in the ESG and Climate and Index reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher incentive compensation, benefits costs and wages and salaries.

For the six months ended June 30, 2021, the increase was 6.7%, growing to $52.4 million compared to $49.1 million for the six months ended June 30, 2020, reflecting higher investment in the ESG and Climate and Index reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher incentive compensation and benefits costs, partially offset by lower wages and salaries.

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, 2021 increased 6.6% to $30.2 million compared to $28.3 million for the three months ended June 30, 2020, reflecting increases across all four reportable segments. The change was driven by increases in non-compensation costs, primarily relating to higher information technology costs, recruiting costs, other tax expenses, insurance costs and personnel related costs.

For the six months ended June 30, 2021, the increase was 9.8%, growing to $64.9 million compared to $59.1 million for the six months ended June 30, 2020, reflecting increases across all four reportable segments. The change was driven by increases in compensation and benefits costs, primarily relating to higher wages and salaries and incentive compensation, as well as higher non-compensation costs, including information technology costs and insurance costs.

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,		
	2021	2020	% Change	2021	2020	% Change
	(in thousands)					
Compensation and benefits	$ 148,180	$ 128,803	15.0%	$ 299,697	$ 266,065	12.6%
Non-compensation expenses	55,051	44,113	24.8%	105,371	94,404	11.6%
Amortization of intangible assets	30,396	14,062	116.2%	45,464	27,838	63.3%
Depreciation and amortization of property, equipment and leasehold improvements	7,020	7,463	(5.9%)	14,163	15,030	(5.8%)
Total operating expenses	$ 240,647	$ 194,441	23.8%	$ 464,695	$ 403,337	15.2%

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 3,910 and 3,513 employees as of June 30, 2021 and 2020, respectively, reflecting a 11.3% 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, 2021, 65.9% of our employees were located in emerging market centers compared to 63.7% as of June 30, 2020.

Compensation and benefits costs for the three months ended June 30, 2021 increased 15.0% to $148.2 million compared to $128.8 million for the three months ended June 30, 2020, driven by higher wages and salaries, incentive compensation and benefits costs, partially offset by lower severance costs.

For the six months ended June 30, 2021, the increase was 12.6%, growing to $299.7 million compared to $266.1 million for the six months ended June 30, 2020, driven by higher incentive compensation, wages and salaries and benefits costs, partially offset by lower severance 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, incentive compensation would be expected to decrease accordingly.

Non-Compensation Expenses

Non-compensation expenses for the three months ended June 30, 2021 increased 24.8% to $55.1 million compared to $44.1 million for the three months ended June 30, 2020, primarily driven by higher information technology costs, professional fees, market data costs and recruiting costs.

For the six months ended June 30, 2021, the increase was 11.6%, growing to $105.4 million compared to $94.4 million for the six months ended June 30, 2020, primarily driven by higher information technology costs, professional fees and market data costs, partially offset by lower travel and entertainment 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.

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, 2021 increased 116.2% to $30.4 million compared to $14.1 million for the three months ended June 30, 2020. For the six months ended June 30, 2021, amortization of intangible assets expense increased 63.3% to $45.5 million compared to $27.8 million for the six months ended June 30, 2020. The increase in both the three and six months ended June 30, 2021, was primarily driven by a write-off of $16.0 million of certain internally developed capitalized software intangible assets as a result of management’s decision during the three months ended June 30, 2021 to discontinue development and cease related sales activities of certain Analytics segment products and transition existing customers to other product offerings.

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, 2021 decreased 5.9% to $7.0 million compared to $7.5 million for the three months ended June 30, 2020. For the six months ended June 30, 2021, depreciation and amortization of property, equipment and leasehold improvements decreased 5.8% to $14.2 million compared to $15.0 million for the six months ended June 30, 2020. The decrease in both the three and six months ended June 30, 2021, was primarily the result of lower depreciation on software, computer and related equipment and leasehold improvements.

Other Expense (Income), Net

Other expense (income), net for the three months ended June 30, 2021 decreased 18.6% to $61.8 million compared to $76.0 million for the three months ended June 30, 2020. The decrease in net expenses was primarily driven by the absence of the $35.0 million loss on debt extinguishment associated with the redemption of all of the $800.0 million aggregate principal amount of 5.75% senior unsecured notes due 2025 that remained outstanding (the “2025 Senior Notes Redemption”) during the three months ended June 30, 2020. This was partially offset by the $21.8 million loss on debt extinguishment associated with the redemption of all of the $500.0 million aggregate principal amount of the 2026 Senior Notes that remained outstanding (the “2026 Senior Notes Redemption”) during the three months ended June 30, 2021. The loss on debt extinguishment associated with the 2026 Senior Notes Redemption included an applicable premium of approximately $18.2 million (as set forth in the indenture governing the terms of the 2026 Senior Notes) and the write-off of approximately $3.6 million of unamortized debt issuance costs associated with the 2026 Senior Notes.

For the six months ended June 30, 2021, it decreased 17.2% to $100.2 million compared to $121.0 million for the six months ended June 30, 2020. The decrease in net expenses was primarily driven by the absence of 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 $300.0 million aggregate principal amount of 5.250% senior unsecured notes due 2024 that remained outstanding (the “2024 Senior Notes Redemption”) during the six months ended June 30, 2020, respectively. This was partially offset by the $21.8 million loss on debt extinguishment associated with the 2026 Senior Notes Redemption during the six months ended June 30, 2021.

Income Taxes

The Company’s provision for income taxes for the three months ended June 30, 2021 and 2020 was $30.3 million and $24.0 million, respectively. These amounts reflect effective tax rates of 15.5% and 17.3% for the three months ended June 30, 2021 and 2020, respectively.

The effective tax rate of 15.5% for the three months ended June 30, 2021 reflects the Company’s estimate of the effective tax rate for the period which was impacted by certain favorable discrete items totaling $11.9 million. For the three months ended June 30, 2021, these discrete items primarily related to the $5.6 million tax impact of loss on debt extinguishment recognized during the period on the 2026 Senior Notes Redemption. Also included in the discrete items is a $2.3 million benefit related to the revaluation of deferred taxes as a result of the enactment of an increase in the UK corporate tax rate, a $2.1 million benefit related to the filing of prior year refund claims, $1.0 million of excess tax benefits recognized on share-based compensation vested during the period and $0.9 million of tax benefits related to other prior year items. In addition, the effective tax rate was impacted by the level of earnings.

The effective tax rate of 17.3% for the three months ended June 30, 2020 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. For the three months ended June 30, 2020, 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 of excess tax benefits recognized on share-based compensation vested during the period. In addition, the effective tax rate was impacted by a beneficial geographic mix of earnings.

The Company’s provision for income taxes for the six months ended June 30, 2021 and 2020 was $49.5 million and $38.8 million, respectively. These amounts reflect effective tax rates of 12.0% and 12.8% for the six months ended June 30, 2021 and 2020, respectively.

The effective tax rate of 12.0% for the six months ended June 30, 2021 reflects the Company’s estimate of the effective tax rate for the period which was impacted by certain favorable discrete items totaling $34.2 million, in relation to pretax income. For the six months ended June 30, 2021, these discrete items primarily related to $21.4 million of excess tax benefits recognized on share-based compensation vested during the period and $5.6 million related to the tax impact of loss on debt extinguishment recognized during the period on the 2026 Senior Notes Redemption. Also included in the discrete items is a $2.3 million benefit related to the revaluation of deferred taxes as a result of the enactment of an increase in the UK corporate tax rate, a $2.1 million benefit related to the filing of prior year refund claims and $2.8 million of tax benefits related to other prior year items. In addition, the effective tax rate was impacted by the level of earnings.

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 which was impacted by certain favorable 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 share-based compensation vested 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. The discrete items also included 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.

Net Income

As a result of the factors described above, net income for the three months ended June 30, 2021 increased 43.7% to $165.4 million compared to $115.1 million for the three months ended June 30, 2020 and for the six months ended June 30, 2021, it increased 37.6% to $362.2 million compared to $263.2 million for the six months ended June 30, 2020.

Weighted Average Shares

The weighted average shares outstanding used to calculate basic and diluted earnings per share for the three months ended June 30, 2021 compared to the three months ended June 30, 2020 decreased by 1.4% and 1.2%, respectively. For the six months ended June 30, 2021, the weighted average shares outstanding used to calculate basic and diluted earnings per share compared to the six months ended June 30, 2020 decreased by 2.0% and 1.8%, respectively. The decrease in both the three and six months ended June 30, 2021, primarily reflect the impact of share repurchases made pursuant to the stock repurchase program.

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.

“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.

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,		
	2021	2020	% Change	2021	2020	% Change
	(in thousands)					
Operating revenues	$ 498,180	$ 409,616	21.6%	$ 976,603	$ 826,396	18.2%
Adjusted EBITDA expenses	203,231	172,916	17.5%	405,068	360,469	12.4%
Adjusted EBITDA	$ 294,949	$ 236,700	24.6%	$ 571,535	$ 465,927	22.7%
Adjusted EBITDA margin %	59.2%	57.8%		58.5%	56.4%	
Operating margin %	51.7%	52.5%		52.4%	51.2%	

Adjusted EBITDA for the three months ended June 30, 2021 increased 24.6% to $294.9 million compared to $236.7 million for the three months ended June 30, 2020. Adjusted EBITDA margin for the three months ended June 30, 2021 increased to 59.2% compared to 57.8% for the three months ended June 30, 2020. For the six months ended June 30, 2021, Adjusted EBITDA increased 22.7% to $571.5 million compared to $465.9 million for the six months ended June 30, 2020. For the six months ended June 30, 2021, Adjusted EBITDA margin increased to 58.5% compared to 56.4% for the six months ended June 30, 2020. The increase in Adjusted EBITDA margin for both the three and six months ended June 30, 2021, 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,	
	2021	2020	2021	2020
	(in thousands)			
Index Adjusted EBITDA	$ 233,468	$ 183,256	$ 453,347	$ 366,843
Analytics Adjusted EBITDA	49,814	46,167	95,545	82,484
ESG and Climate Adjusted EBITDA	5,720	5,499	10,765	9,125
All Other - Private Assets Adjusted EBITDA	5,947	1,778	11,878	7,475
Consolidated Adjusted EBITDA	294,949	236,700	571,535	465,927
Amortization of intangible assets	30,396	14,062	45,464	27,838
Depreciation and amortization of property, equipment and leasehold improvements	7,020	7,463	14,163	15,030
Operating income	257,533	215,175	511,908	423,059
Other expense (income), net	61,838	76,008	100,185	121,043
Provision for income taxes	30,272	24,044	49,481	38,768
Net income	$ 165,423	$ 115,123	$ 362,242	$ 263,248

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,	
	2021	2020	2021	2020
	(in thousands)			
Index Adjusted EBITDA expenses	$ 72,495	$ 59,652	$ 145,107	$ 125,321
Analytics Adjusted EBITDA expenses	86,088	81,396	174,374	170,587
ESG and Climate Adjusted EBITDA expenses	33,588	20,803	63,293	42,410
All Other - Private Assets Adjusted EBITDA expenses	11,060	11,065	22,294	22,151
Consolidated Adjusted EBITDA expenses	203,231	172,916	405,068	360,469
Amortization of intangible assets	30,396	14,062	45,464	27,838
Depreciation and amortization of property, equipment and leasehold improvements	7,020	7,463	14,163	15,030
Total operating expenses	$ 240,647	$ 194,441	$ 464,695	$ 403,337

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,		
	2021	2020	% Change	2021	2020	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 160,061	$ 145,404	10.1%	$ 315,178	$ 285,244	10.5%
Asset-based fees	136,142	88,075	54.6%	262,848	188,271	39.6%
Non-recurring	9,760	9,429	3.5%	20,428	18,649	9.5%
Operating revenues total	305,963	242,908	26.0%	598,454	492,164	21.6%
Adjusted EBITDA expenses	72,495	59,652	21.5%	145,107	125,321	15.8%
Adjusted EBITDA	$ 233,468	$ 183,256	27.4%	$ 453,347	$ 366,843	23.6%
Adjusted EBITDA margin %	76.3%	75.4%		75.8%	74.5%	

Revenues related to Index products for the three months ended June 30, 2021 increased 26.0% to $306.0 million compared to $242.9 million for the three months ended June 30, 2020 and for the six months ended June 30, 2021, the increase was 21.6%, growing to $598.5 million compared to $492.2 million for the six months ended June 30, 2020

Recurring subscriptions for the three months ended June 30, 2021 increased 10.1% to $160.1 million compared to $145.4 million for the three months ended June 30, 2020. The increase was primarily driven by strong contributions from factors, ESG and climate index products and continued contribution from market cap-weighted index products. The impact of foreign currency exchange rate fluctuations on revenues from recurring subscriptions was negligible.

For the six months ended June 30, 2021, the increase was 10.5%, growing to $315.2 million compared to $285.2 million for the six months ended June 30, 2020. The increase was primarily driven by continued contribution from market cap-weighted index products and strong contributions from factors, ESG and 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, 2021 increased 54.6% to $136.1 million compared to $88.1 million for the three months ended June 30, 2020. The increase in asset-based fees was driven by growth in revenues from all our index-linked investment product categories, including an increase in revenues from ETFs linked to MSCI equity indexes that was primarily driven by a 66.4% increase in average AUM in ETFs, partially offset by a decline in average basis point fees. The increase in revenues from asset-based fees was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes, primarily driven by an increase in average AUM. Revenues from exchange traded futures and options contracts linked to MSCI indexes also increased, primarily driven by fee increases, partially offset by lower volume. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

For the six months ended June 30, 2021, the increase was 39.6%, growing to $262.8 million compared to $188.3 million for the six months ended June 30, 2020. The increase in asset-based fees was driven by growth in revenues from all our index-linked investment product categories, including an increase in revenues from ETFs linked to MSCI equity indexes that was primarily driven by a 48.8% increase in average AUM in ETFs, partially offset by a decline in average basis point fees. The increase in revenues from asset-based fees was also driven by higher revenues from non-ETF indexed funds linked to MSCI indexes, primarily driven by an increase in average AUM. Revenues from exchange traded futures and options contracts linked to MSCI indexes also increased, primarily driven by fee increases, partially offset by lower volume. The impact of foreign currency exchange rate fluctuations on revenues from asset-based fees was negligible.

Index segment Adjusted EBITDA expenses for the three months ended June 30, 2021 increased 21.5% to $72.5 million compared to $59.7 million for the three months ended June 30, 2020, reflecting higher expenses across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 17.3% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 15.8%, growing to $145.1 million compared to $125.3 million for the six months ended June 30, 2020, reflecting higher expenses across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 12.6% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

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,		
	2021	2020	% Change	2021	2020	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 133,368	$ 126,189	5.7%	$ 265,040	$ 250,254	5.9%
Non-recurring	2,534	1,374	84.4%	4,879	2,817	73.2%
Operating revenues total	135,902	127,563	6.5%	269,919	253,071	6.7%
Adjusted EBITDA expenses	86,088	81,396	5.8%	174,374	170,587	2.2%
Adjusted EBITDA	$ 49,814	$ 46,167	7.9%	$ 95,545	$ 82,484	15.8%
Adjusted EBITDA margin %	36.7%	36.2%		35.4%	32.6%	

Analytics segment revenues for the three months ended June 30, 2021 increased 6.5% to $135.9 million compared to $127.6 million for the three months ended June 30, 2020, primarily driven by growth in Equity and Multi-Asset Class Analytics products. The impact of foreign currency exchange rate fluctuations on Analytics segment revenues was negligible.

For the six months ended June 30, 2021, the increase was 6.7%, growing to $269.9 million compared to $253.1 million for the six months ended June 30, 2020, primarily driven by growth in Multi-Asset Class and Equity Analytics products. The impact of foreign currency exchange rate fluctuations on Analytics segment revenues was negligible.

Analytics segment Adjusted EBITDA expenses for the three months ended June 30, 2021 increased 5.8% to $86.1 million compared to $81.4 million for the three months ended June 30, 2020, reflecting higher expenses across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 2.6% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 2.2%, growing to $174.4 million compared to $170.6 million for the six months ended June 30, 2020, primarily driven by higher expenses across the cost of revenues and G&A expense activity categories, partially offset by lower expense across the R&D expense activity category. Adjusting for the impact of foreign currency exchange rate fluctuations, it would have been flat for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

ESG and Climate Segment

The following table presents the results for the ESG and Climate segment for the periods indicated:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	% Change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 38,567	$ 25,908	48.9%	$ 72,707	$ 50,809	43.1%
Non-recurring	741	394	88.1%	1,351	726	86.1%
Operating revenues total	39,308	26,302	49.4%	74,058	51,535	43.7%
Adjusted EBITDA expenses	33,588	20,803	61.5%	63,293	42,410	49.2%
Adjusted EBITDA	$ 5,720	$ 5,499	4.0%	$ 10,765	$ 9,125	18.0%
Adjusted EBITDA margin %	14.6%	20.9%		14.5%	17.7%	

ESG and Climate segment revenues for the three months ended June 30, 2021 increased 49.4% to $39.3 million compared to $26.3 million for the three months ended June 30, 2020. The increase in ESG and Climate revenues was primarily driven by strong growth from Ratings and Climate products. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate operating revenues would have increased 38.9%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 43.7%, growing to $74.1 million compared to $51.5 million for the six months ended June 30, 2020. The increase in ESG and Climate revenues was primarily driven by strong growth from Ratings and Climate products. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate operating revenues would have increased 35.4%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

ESG and Climate segment Adjusted EBITDA expenses for the three months ended June 30, 2021 increased 61.5% to $33.6 million compared to $20.8 million for the three months ended June 30, 2020, reflecting higher expenses across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 55.4% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 49.2%, growing to $63.3 million compared to $42.4 million for the six months ended June 30, 2020, reflecting higher expenses across all expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, the increase would have been 44.5% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

All Other – Private Assets Segment

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

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	% Change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	% Change
			(in thousands)			
Operating revenues:						
Recurring subscriptions	$ 16,134	$ 12,383	30.3%	$ 32,937	$ 28,002	17.6%
Non-recurring	873	460	89.8%	1,235	1,624	(24.0%)
Operating revenues total	17,007	12,843	32.4%	34,172	29,626	15.3%
Adjusted EBITDA expenses	11,060	11,065	(0.0%)	22,294	22,151	0.6%
Adjusted EBITDA	$ 5,947	$ 1,778	234.5%	$ 11,878	$ 7,475	58.9%
Adjusted EBITDA margin %	35.0%	13.8%		34.8%	25.2%	

All Other – Private Assets segment revenues for the three months ended June 30, 2021 increased 32.4% to $17.0 million compared to $12.8 million for the three months ended June 30, 2020. The increase in All Other – Private Assets revenues was primarily driven by strong growth in Enterprise Analytics products and favorable foreign currency exchange rate fluctuations. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other – Private Assets operating revenues would have increased 20.3% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 15.3%, growing to $34.2 million compared to $29.6 million for the six months ended June 30, 2020. The increase in All Other – Private Assets revenues was primarily driven by favorable foreign currency exchange rate fluctuations and strong growth in Enterprise Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other – Private Assets operating revenues would have increased 5.6% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

All Other – Private Assets segment Adjusted EBITDA expenses for the three months ended June 30, 2021 remained flat at $11.1 million compared to the three months ended June 30, 2020, driven by lower expenses across the R&D and selling and marketing expense activity categories, offset by higher expenses across the cost of revenues and G&A expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other – Private Assets segment Adjusted EBITDA expenses would have decreased 6.3% for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

For the six months ended June 30, 2021, the increase was 0.6%, growing to $22.3 million compared to $22.2 million for the six months ended June 30, 2020, driven by higher expenses across the cost of revenues and G&A expense activity categories, partially offset by lower expenses across the R&D and selling and marketing expense activity categories. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other – Private Assets segment Adjusted EBITDA expenses would have decreased 4.2% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020.

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 or fee waiver 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, 2021	As of June 30, 2020	% Change
	(in thousands)		
Index:			
Recurring subscriptions	$ 653,448	$ 586,846	11.3%
Asset-based fees	539,984	362,049	49.1%
Index total	1,193,432	948,895	25.8%
Analytics	563,938	534,039	5.6%
ESG and Climate	164,092	113,662	44.4%
All Other - Private Assets	58,088	50,715	14.5%
Total Run Rate	$ 1,979,550	$ 1,647,311	20.2%
Recurring subscriptions total	$ 1,439,566	$ 1,285,262	12.0%
Asset-based fees	539,984	362,049	49.1%
Total Run Rate	$ 1,979,550	$ 1,647,311	20.2%

Total Run Rate grew 20.2% to $1,979.6 million as of June 30, 2021 compared to $1,647.3 million as of June 30, 2020. Recurring subscriptions Run Rate grew 12.0% to $1,439.6 million as of June 30, 2021 compared to $1,285.3 million as of June 30, 2020. Adjusting for the impact of foreign currency exchange rate fluctuations, recurring subscriptions Run Rate would have increased 11.3% as of June 30, 2021 compared to June 30, 2020.

Run Rate from asset-based fees increased 49.1% to $540.0 million as of June 30, 2021 from $362.0 million as of June 30, 2020, primarily driven by higher AUM in ETFs linked to MSCI equity indexes, higher AUM and new client agreements in non-ETF indexed funds linked to MSCI indexes and higher fees in exchange traded futures and options contracts linked to MSCI indexes. Partially offsetting the impact of the increase in AUM in ETFs linked to MSCI equity indexes was a change in fee levels of certain products, which was the primary driver of a decline in average basis point fees to 2.58 as of June 30, 2021 from 2.67 as of June 30, 2020. As of June 30, 2021, the value of AUM in ETFs linked to MSCI equity indexes was $1,336.2 billion, up $510.8 billion, or 61.9%, from $825.4 billion as of June 30, 2020. The increase of $510.8 billion consisted of market appreciation of $309.6 billion and net inflows of $201.2 billion.

Index recurring subscriptions Run Rate grew 11.3% to $653.4 million as of June 30, 2021 compared to $586.8 million as of June 30, 2020, primarily driven by growth in market cap-weighted index products and reflected growth across all regions and all client segments.

Run Rate from Analytics products increased 5.6% to $563.9 million as of June 30, 2021 compared to $534.0 million as of June 30, 2020, primarily driven by growth in both Multi-Asset Class and Equity Analytics products. Adjusting for the impact of foreign currency exchange rate fluctuations, Analytics Run Rate would have increased 5.0% as of June 30, 2021.

Run Rate from ESG and Climate products increased 44.4% to $164.1 million as of June 30, 2021 compared to $113.7 million as of June 30, 2020, primarily driven by strong growth in both Ratings and Climate products. Adjusting for the impact of foreign currency exchange rate fluctuations, ESG and Climate Run Rate would have increased 41.7% as of June 30, 2021 compared to June 30, 2020.

Run Rate from All Other – Private Assets products increased 14.5% to $58.1 million as of June 30, 2021 compared to $50.7 million as of June 30, 2020, primarily driven by strong growth in both Enterprise Analytics and Global Intel products and growth from new sales of Real Estate Climate Value-at-Risk products. Adjusting for the impact of foreign currency exchange rate fluctuations, All Other – Private Assets Run Rate would have increased 7.9% as of June 30, 2021 compared to June 30, 2020.

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 June 30, 2021	Three Months Ended June 30, 2020	% Change	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	% Change
	(in thousands)					
New recurring subscription sales						
Index	$ 25,635	$ 20,276	26.4%	$ 46,491	$ 39,330	18.2%
Analytics	16,282	14,979	8.7%	28,492	26,197	8.8%
ESG and Climate	17,756	11,202	58.5%	29,396	18,196	61.6%
All Other - Private Assets	1,860	1,146	62.3%	3,544	2,321	52.7%
New recurring subscription sales total	61,533	47,603	29.3%	107,923	86,044	25.4%
Subscription cancellations						
Index	(6,791)	(7,423)	(8.5%)	(11,989)	(12,539)	(4.4%)
Analytics	(10,096)	(10,553)	(4.3%)	(15,975)	(18,797)	(15.0%)
ESG and Climate	(1,246)	(1,755)	(29.0%)	(2,298)	(3,258)	(29.5%)
All Other - Private Assets	(887)	(488)	81.8%	(1,585)	(1,038)	52.7%
Subscription cancellations total	(19,020)	(20,219)	(5.9%)	(31,847)	(35,632)	(10.6%)
Net new recurring subscription sales						
Index	18,844	12,853	46.6%	34,502	26,791	28.8%
Analytics	6,186	4,426	39.8%	12,517	7,400	69.1%
ESG and Climate	16,510	9,447	74.8%	27,098	14,938	81.4%
All Other - Private Assets	973	658	47.9%	1,959	1,283	52.7%
Net new recurring subscription sales total	42,513	27,384	55.2%	76,076	50,412	50.9%
Non-recurring sales						
Index	10,769	10,450	3.1%	21,974	20,733	6.0%
Analytics	2,773	1,659	67.1%	5,746	4,924	16.7%
ESG and Climate	1,140	416	174.0%	1,837	567	224.0%
All Other - Private Assets	185	158	17.1%	1,071	1,038	3.2%
Non-recurring sales total	14,867	12,683	17.2%	30,628	27,262	12.3%
Gross sales						
Index	$ 36,404	$ 30,726	18.5%	$ 68,465	$ 60,063	14.0%
Analytics	19,055	16,638	14.5%	34,238	31,121	10.0%
ESG and Climate	18,896	11,618	62.6%	31,233	18,763	66.5%
All Other - Private Assets	2,045	1,304	56.8%	4,615	3,359	37.4%
Total gross sales	$ 76,400	$ 60,286	26.7%	$ 138,551	$ 113,306	22.3%
Net sales						
Index	$ 29,613	$ 23,303	27.1%	$ 56,476	$ 47,524	18.8%
Analytics	8,959	6,085	47.2%	18,263	12,324	48.2%
ESG and Climate	17,650	9,863	79.0%	28,935	15,505	86.6%
All Other - Private Assets	1,158	816	41.9%	3,030	2,321	30.5%
Total net sales	$ 57,380	$ 40,067	43.2%	$ 106,704	$ 77,674	37.4%

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.

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,	
	2021	2020	2021	2020
Index	95.6%	94.7%	96.1%	95.5%
Analytics	92.7%	92.0%	94.2%	92.9%
ESG and Climate	96.4%	93.1%	96.7%	93.6%
All Other - Private Assets	93.7%	96.2%	94.4%	95.9%
Total	94.4%	93.5%	95.3%	94.2%

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. Retention Rate is an important metric because subscription cancellations decrease our Run Rate and ultimately our future operating revenues over time.

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 and Climate 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-sell 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.

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. There have been no significant changes in our accounting policies or critical accounting estimates since the end of the fiscal year ended December 31, 2020.

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 $4,000.0 million in Senior Notes outstanding and a $500.0 million undrawn Revolving Credit Agreement with a syndicate of banks. See Note 7, "Commitments and Contingencies," of the Notes to Condensed Consolidated Financial Statements (Unaudited) 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;
- in the case of our subsidiaries that are not guarantors under the Revolving Credit Agreement, incur additional indebtedness;
- merge, dissolve, liquidate, consolidate with or into another person or sell all or substantially all assets of the Company and its subsidiaries on a consolidated basis;
- enter into sale/leaseback transactions;
- pay dividends or make other distributions in respect of our capital stock or engage in stock repurchases, redemptions and other restricted payments; or
- change the nature of our business.

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, and bankruptcy and insolvency events, and, in the case of the Revolving Credit Agreement, invalidity or impairment of loan documentation, change of control and customary ERISA defaults in addition to the foregoing. 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 (or 4.50:1.00 for two fiscal quarters following a material acquisition) 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, 2021, our Consolidated Leverage Ratio was 3.45:1.00 and our Consolidated Interest Coverage Ratio was 7.55:1.00. As of June 30, 2021, 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 $1,109.3 million, or 60.1%, of our total revenue for the trailing 12 months ended June 30, 2021, approximately $407.9 million, or 41.9%, of our consolidated operating income for the trailing 12 months ended June 30, 2021, and approximately $1,064.8 million, or 22.2%, of our consolidated total assets (excluding intercompany assets) and $717.6 million, or 13.9%, of our consolidated total liabilities, in each case as of June 30, 2021.

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, 2021	$ 407.70	330	$ 134,340
June 30, 2020	$ 250.65	1,423	$ 356,770

As of June 30, 2021, there was $1,594.4 million of available authorization remaining under the 2020 Repurchase Program.

Cash Dividend

On July 26, 2021, the Board of Directors declared a quarterly cash dividend of $1.04 per share for the three months ending September 30, 2021. This reflects an increase of 33.3% over the quarterly cash dividend declared for the three months ended June 30, 2021. The third quarter 2021 dividend is payable on August 31, 2021 to shareholders of record as of the close of trading on August 13, 2021.

Cash Flows

	As of	
	June 30, 2021	December 31, 2020
	(in thousands)	
Cash and cash equivalents	$ 1,972,002	$ 1,300,521

Cash and cash equivalents were $1,972.0 million and $1,300.5 million as of June 30, 2021 and December 31, 2020, respectively. We typically seek to maintain minimum cash balances globally of approximately $200.0 million to $250.0 million for general operating purposes. As of June 30, 2021 and December 31, 2020, $491.3 million and $423.4 million, respectively, of the cash and cash equivalents were held by foreign subsidiaries. Repatriation of some foreign cash may 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,	
	2021	2020
	(in thousands)	
Net cash provided by operating activities	$ 440,514	$ 375,386
Net cash used in investing activities	(22,321)	(213,174)
Net cash provided by (used in) financing activities	256,858	(275,051)
Effect of exchange rate changes	(3,570)	(8,751)
Net increase (decrease) in cash	$ 671,481	$ (121,590)

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 $440.5 million and $375.4 million for the six months ended June 30, 2021 and 2020, respectively. The year-over-year increase was driven by higher cash collections from customers and lower interest payments, partially offset by higher payments for income taxes and cash expenses.

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 Investing Activities

Cash used in investing activities was $22.3 million for the six months ended June 30, 2021 compared to $213.2 million for the six months ended June 30, 2020. The year-over-year change was primarily driven by the absence of the $190.8 million equity method investment in Burgiss.

Cash Flows From Financing Activities

Cash provided by financing activities was $256.9 million for the six months ended June 30, 2021 compared to cash used in financing activities of $275.1 million for the six months ended June 30, 2020. The year-over-year change was primarily driven by the impact of lower repayment on borrowings and lower share repurchases, partially offset by the impact of lower proceeds from the new senior notes offerings made during the six months ended June 30, 2021.

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, 2021 and 2020, 15.3% and 13.9%, 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 15.3% of non-U.S. dollar exposure for the six months ended June 30, 2021, 42.5% was in Euros, 25.3% was in British pounds sterling and 24.3% was in Japanese yen. 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.

Revenues from asset-based fees represented 26.9% and 22.8% of operating revenues for the six months ended June 30, 2021 and 2020, respectively. While a substantial portion of our asset-based fees are invoiced in U.S. dollars, the fees are based on the assets in investment products, 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 42.0% and 40.5% of our operating expenses for the six months ended June 30, 2021 and 2020, respectively, were denominated in foreign currencies, the significant majority of which were denominated in British pounds sterling, Indian rupees, Hungarian forints, Euros, Swiss francs, Mexican pesos and Hong Kong dollars. 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 losses of $0.5 million and gains of $1.4 million for the six months ended June 30, 2021 and 2020, 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, 2021, 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, 2021 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, 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 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, 2021.

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, 2021-April 30, 2021	141	$ 439.44	—	$1,594,416,000
May 1, 2021-May 31, 2021	196	$ 476.34	—	$1,594,416,000
June 1, 2021-June 30, 2021	966	$ 480.75	—	$1,594,416,000
Total	1,303	$ 475.61	—	$1,594,416,000

(1) Includes (i) shares purchased by the Company on the open market under the stock 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 program.

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 3.1 to the Company's Form 8-K (File No. 001-33812), filed with the SEC on January 11, 2021 and incorporated by reference herein)
	4.1	Indenture, dated as of May 14, 2021, among MSCI Inc., each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee (included in Exhibit 4.1 of MSCI Inc.'s Current Report on Form 8-K (File No. 001-33812), filed with the SEC on May 14, 2021 and incorporated by reference herein)
	4.2	Form of Note for MSCI Inc. 3.625% Senior Notes due November 1, 2031 (included in Exhibit 4.1 of MSCI Inc.'s Current Report on Form 8-K (File No. 001-33812), filed with the SEC on May 14, 2021 and incorporated by reference herein)
	10.1*†	Form of Award Agreement for Restricted Stock Units for Directors Under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan
	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	Inline 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	Inline XBRL Taxonomy Extension Schema Document
*	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
*	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
*	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
*	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
*	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.

† Indicates a management compensation plan, contract or arrangement.

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 27, 2021

MSCI INC.
(Registrant)

By: /s/ Andrew C. Wiechmann
Andrew C. Wiechmann
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

20[●] AWARD AGREEMENT
FOR RESTRICTED STOCK UNITS
FOR DIRECTORS
UNDER THE MSCI INC. 2016 NON-EMPLOYEE DIRECTORS COMPENSATION PLAN

MSCI Inc. ("**MSCI**," together with its subsidiaries, the "**Company**") hereby grants to you Restricted Stock Units ("**RSUs**") as described below. The awards are being granted under the MSCI Inc. 2016 Non-Employee Directors Compensation Plan (as may be amended from time to time, the "**Plan**").

Participant:	[●]
Number of RSUs Granted:	[●] RSUs
Grant Date:	[●] (the "**Grant Date**")
Vesting Schedule:	[●] (such date, the "**Vesting Date**").

Provided you continue to provide services to the Company through the Vesting Date, the RSUs will vest and convert as provided above and as further described in Exhibit A attached hereto. Your RSUs may be subject to forfeiture if you terminate service with the Company before the Vesting Date, as set forth in the Plan and this Restricted Stock Unit Award Agreement (including Exhibit A and Exhibit B attached hereto, this "**Award Agreement**").

You agree that this Award Agreement is granted under the Plan and governed by the terms and conditions of the Plan and Exhibit A and Exhibit B attached hereto. You will be able to access a prospectus and tax supplement that contains important information about this award via the MSCI website or your brokerage account. Unless defined in this Award Agreement, capitalized terms shall have the meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, MSCI has duly executed and delivered this Award Agreement as of the Grant Date.

MSCI Inc.

____
Name:
Title:

EXHIBIT A

TERMS AND CONDITIONS
OF THE 20[●] RESTRICTED STOCK UNIT AWARD AGREEMENT

Section 1. RSUs Generally. MSCI has awarded you RSUs as an incentive for you to continue to provide services as a director of MSCI and to, among other things, align your interests with those of the Company and to reward you for your continued service as a director of MSCI in the future. As such, you will earn your RSUs for 20[●] only if you remain in continuous service as a director of MSCI through the Vesting Date, or as otherwise set forth below. Each RSU corresponds to one share of MSCI common stock, par value $0.01 per share (each, a "**Share**"). Each RSU constitutes a contingent and unsecured promise by MSCI to deliver one Share on the conversion date for such RSU. As the holder of RSUs, you have only the rights of a general unsecured creditor of MSCI. To the extent that you are subject to taxation in the United States, Section 409A ("**Section 409A**") of the Internal Revenue Code of 1986, as amended (the "**Code**"), imposes rules relating to the taxation of deferred compensation, including your 20[●] RSU award. The Company reserves the right to modify the terms of your 20[●] RSU award, including, without limitation, the payment provisions applicable to your RSUs, to the extent necessary or advisable to comply with Section 409A.

Section 2. Vesting Schedule and Conversion.

(a) *Vesting Schedule*. Your RSUs will vest on the Vesting Date; *provided* that, subject to Section 4 and Section 5, you continue to provide future services to the Company by remaining in continuous service as a director of MSCI through the Vesting Date.

(b) *Conversion*.

(i) Except as otherwise provided in this Award Agreement or pursuant to any election form submitted in connection with the MSCI Inc. Non-Employee Directors Deferral Plan (as amended), each of your vested RSUs will convert to one Share within 30 days following the Vesting Date.

(ii) Shares to which you are entitled to receive upon conversion of RSUs under any provision of this Award Agreement shall not be subject to any transfer restrictions, other than those that may arise under securities laws or the Company's policies.

Section 3. Dividend Equivalent Payments. Until your RSUs convert to Shares, if and when MSCI pays a dividend on Shares, you will be entitled to a dividend equivalent payment in the same amount as the dividend you would have received if you held Shares for your vested and unvested RSUs immediately prior to the record date. No dividend equivalents will be paid to you with respect to any canceled or forfeited RSUs. MSCI will decide on the form of payment and may pay dividend equivalents in Shares, in cash or in a combination thereof, unless otherwise provided in Exhibit B. MSCI will pay the dividend equivalent when it pays the corresponding dividend on its common stock. The gross amount of any dividend equivalents paid to you with respect to RSUs that do not vest and convert to Shares shall be subject to potential recoupment or payback (such recoupment or payback of dividend equivalents, the "**Clawback**") following the cancellation or forfeiture of the underlying RSUs. You consent to the Company's implementation and enforcement of the Clawback and expressly agree that MSCI may take such actions as are necessary to effectuate the Clawback consistent with applicable law. If, within a reasonable period, you do not tender repayment of the dividend equivalents in response to demand for repayment, MSCI may seek a court order against you or take any other actions as are necessary to effectuate the Clawback.

Section 4. Termination of Service. Upon termination of service as a director of MSCI prior to the Vesting Date, pursuant to this Section 4, the following special vesting and payment terms will apply to your RSUs:

(a) *Termination of Service Due to Death or Disability*. If your service as a director of MSCI terminates due to death or Disability, your unvested RSUs will immediately vest and convert into Shares on the date your service as a director of MSCI terminates or within 30 days thereafter. Such Shares will be delivered to the beneficiary(ies) you have designated pursuant to Section 7 or the legal representative of your estate, as applicable. For purposes of this Award Agreement, "**Disability**" means your "permanent and total disability" (as defined in Section 22(e) of the Code).

(b) *Termination of Service and Cancellation of Awards*. Unless otherwise determined by the Board, your unvested RSUs will be canceled and forfeited in full if your service as a director of MSCI terminates prior to the earlier of (i) the date of MSCI's annual general shareholders meeting to be held during the same year as the Vesting Date if either (x) you decide not to stand for re-election at such annual shareholders meeting or (y) you are not eligible to stand for re-election at such annual shareholders meeting pursuant to the Retirement Policy set forth in the Board's Corporate Governance Policies and (ii) the Vesting Date, in each case for any reason other than as set forth in Section 4(a) and Section 5 of this Award Agreement.

Section 5. Change in Control. In the event of a Change in Control, all of your RSUs will immediately vest and convert into Shares effective on the date of such Change in Control.

Section 6. Nontransferability. You may not sell, pledge, hypothecate, assign or otherwise transfer your RSUs, other than as provided in Section 7 (which allows you to designate a beneficiary or beneficiaries in the event of your death) or by will or the laws of descent and distribution or otherwise as provided by the Board. This prohibition includes any assignment or other transfer that purports to occur by operation of law or otherwise. During your lifetime, payments relating to the RSUs will be made only to you. Your personal representatives, heirs, legatees, beneficiaries, successors and assigns, and those of MSCI, shall all be bound by, and shall benefit from, the terms and conditions of your award.

Section 7. Designation of a Beneficiary. Any designation of a beneficiary or beneficiaries to receive all or part of the Shares to be paid under this Award Agreement in the event of your death will be governed by local law. To make a beneficiary designation, you must coordinate with your personal tax or estate planning representative. Any Shares that become payable upon your death will be distributed to your estate in accordance with local law rules. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary(ies) to receive Shares under this Award Agreement, MSCI may determine in its sole discretion to deliver the Shares in question to your estate. MSCI's determination shall be binding and conclusive on all persons, and it will have no further liability to anyone with respect to such Shares.

Section 8. Ownership and Possession.

(a) *Prior to Conversion*. Prior to conversion of your RSUs, you will not have any rights as a stockholder in the Shares corresponding to your RSUs. However, you will receive dividend equivalent payments, as set forth in Section 3 of this Award Agreement.

(b) *Following Conversion*. Following conversion of your RSUs, you will be the beneficial owner of the Shares issued to you, and you will be entitled to all rights of ownership, including voting rights and the right to receive cash or stock dividends or other distributions paid on the Shares.

Section 9. Securities Law Compliance Matters. MSCI may, if it determines it is appropriate, affix any legend to the stock certificates representing Shares issued upon conversion of your RSUs and any stock certificates that may subsequently be issued in substitution for the original certificates. MSCI may advise the transfer agent to place a stop order against such Shares if it determines that such an order is necessary or advisable.

Section 10. Compliance with Laws and Regulations. Any sale, assignment, transfer, pledge, mortgage, encumbrance or other disposition of Shares issued upon conversion of your RSUs (whether directly or indirectly, whether or not for value, and whether or not voluntary) must be made in compliance with any applicable constitution, rule, regulation, or policy of any of the exchanges, associations or other institutions with which MSCI has membership or other privileges, and any applicable law, or applicable rule or regulation of any governmental agency, self-regulatory organization or state or federal regulatory body.

Section 11. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

Section 12. Consents under Local Law. Your award is conditioned upon the making of all filings and the receipt of all consents or authorizations required to comply with, or be obtained under, applicable local law.

Section 13. Award Modification and Section 409A.

(a) *Award Modification*. MSCI reserves the right to modify or amend unilaterally the terms and conditions of your RSUs, without first asking your consent, or to waive any terms and conditions that operate in favor of MSCI. MSCI may not modify your RSUs in a manner that would materially impair your rights in your RSUs without your consent; *provided*, *however*, that MSCI may, without your consent, amend or modify your RSUs in any manner that MSCI considers necessary or advisable to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations. MSCI will notify you of any amendment of your RSUs that affects your rights. Any amendment or waiver of a provision of this Award Agreement (other than any amendment or waiver applicable to all recipients generally), which amendment or waiver operates in your favor or confers a benefit on you, must be in writing and signed by the Chief Human Resources Officer, the Chief Financial Officer or the General Counsel (or if such positions no longer exist, by the holders of equivalent positions) to be effective.

(b) *Section 409A*. You understand and agree that all payments made pursuant to this Award Agreement are intended to be exempt and/or comply with Section 409A, and shall be interpreted on a basis consistent with such intent. Notwithstanding the other provisions of this Award Agreement, to the extent necessary to comply with Section 409A, if MSCI considers you to be one of its “specified employees” and you are a U.S. taxpayer, in each case, at the time of your “separation from service” (as such terms are defined in the Code) from the Company, no conversion specified hereunder shall occur prior to your death or the expiration of the six-month period measured from the date of your separation from service from the Company (such period, the “**Delay Period**”). Any conversion of RSUs into Shares that would have occurred during the Delay Period but for the fact that you are deemed to be a specified employee shall be satisfied either by (i) conversion of such RSUs into Shares on the first business day following the Delay Period or (ii) a cash payment on the first business day following the Delay Period equal to the value of such RSUs on the scheduled conversion date (based on the value of the Shares on such date) plus accrued interest as determined by MSCI.

Section 14. Severability. In the event MSCI determines that any provision of this Award Agreement would cause you to be in constructive receipt for United States federal or state income tax purposes of any portion of your award, then such provision will be considered null and void and this Award Agreement will be construed and enforced as if the provision had not been included in this Award Agreement as of the date such provision was determined to cause you to be in constructive receipt of any portion of your award.

Section 15. Successors. This Award Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon your death, acquire any rights hereunder in accordance with this Award Agreement or the Plan.

Section 16. Venue. For purposes of litigating any dispute that arises under this grant or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, where this grant is made and/or to be performed.

Section 17. Rule of Construction for Timing of Conversion. With respect to each provision of this Award Agreement that provides for your RSUs to convert to Shares on the Vesting Date or upon a different specified event or date, such conversion will be considered to have been timely made, and neither you nor any of your beneficiaries or your estate shall have any claim against the Company for damages based on a delay in payment, and the Company shall have no liability to you (or to any of your beneficiaries or your estate) in respect of any such delay, as long as payment is made by December 31 of the year in which the Vesting Date or such other specified event or date occurs, or if later, by March 15th of the year following such specified event or date.

Section 18. Non-U.S. Directors. The following provisions will apply to you if you are providing services as a director of MSCI and reside outside of the United States. For the avoidance of doubt, if you reside in the United States and subsequently relocate to another country after the Grant Date, or if you reside in another country and subsequently relocate to the United States after the Grant Date, the following provisions may apply to you to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for tax, legal or administrative reasons.

(a) *Tax and Other Withholding Obligations*.

You acknowledge that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items or liabilities, howsoever arising in any jurisdictions, related to your participation in the Plan and legally applicable or deemed applicable to you ("**Tax-Related Items**") is and remains your responsibility and may exceed the amount actually withheld by the Company. You further acknowledge that the Company (i) makes no representations or undertaking regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs or the underlying shares, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividend equivalents and/or dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Pursuant to rules and procedures that MSCI establishes, Tax-Related Items arising upon any relevant taxable or tax withholding event (as applicable) of your RSUs may be satisfied, in the Board's sole discretion, by having MSCI withhold Shares, or by having MSCI withhold cash or amounts from your director fees, compensation, or other amounts payable to you if MSCI provides for a cash withholding option, in each case in an amount sufficient to satisfy the Tax-Related Items withholding obligations. Shares withheld will be valued using the fair market value of the Shares on the date your RSUs convert, using a valuation methodology established by MSCI. In order to comply with applicable accounting standards or the Company's policies in effect from time to time, MSCI may limit the amount of Shares that you may have withheld. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

In the event that withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by your acceptance of the RSUs, you authorize and direct MSCI and any brokerage firm determined acceptable to MSCI to sell on your behalf a whole number of Shares from those Shares issued to you as MSCI determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items. Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the stock equivalent.

Finally, you agree to pay to the Company, including through withholding from any director fees, compensation, or other amounts payable to you by MSCI, any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. MSCI may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

(b) *Nature of Grant.* In accepting the RSUs, you acknowledge, understand and agree that:

(i) the Plan is established voluntarily by MSCI, it is discretionary in nature and it may be modified, amended, suspended or terminated by MSCI at any time, to the extent permitted by the Plan;

(ii) this RSU award is not a director, employment and/or service agreement, and nothing in this Award Agreement or your participation in the Plan shall create a right to continued service as a director of MSCI or interfere with the ability of MSCI to terminate your service relationship (if any);

(iii) this award, and all other awards of RSUs and other equity-based awards, are exceptional, discretionary, voluntary and occasional. This award does not confer on you any contractual or other right or entitlement to receive another award of RSUs, any other equity-based award or benefits in lieu of RSUs at any time in the future or in respect of any future period;

(iv) MSCI has made this award to you in its sole discretion. All decisions with respect to future RSU or other grants, if any, will be at the sole discretion of MSCI;

(v) you are voluntarily participating in the Plan;

(vi) the grant of RSUs and the Shares subject to the RSUs, and the income from and value of the same, are not intended to replace any pension rights, director fees or other compensation;

(vii) this award does not confer on you any right or entitlement to receive director fees or other compensation in any specific amount;

(viii) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(ix) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the termination of your service as a director of MSCI; and

(x) the Company shall not be liable for any foreign exchange rate fluctuation between your local currency and the U.S. Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

(c) ***Data Privacy. You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement and any other RSU grant materials by and among, as applicable, MSCI and any subsidiary of MSCI for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social

insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in MSCI, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data will be transferred to E*Trade Financial Corporate Services, Inc. and/or its affiliates ("E*Trade"), or such other stock plan service provider as may be selected by MSCI in the future, which is assisting MSCI with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the U.S. or elsewhere, and that the recipients' country of operation (e.g., the U.S.) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local Human Resources representative. You authorize MSCI, E*Trade, and any other possible recipients which may assist MSCI (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand if you reside outside the U.S., you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, or exercise any additional right available under applicable law, by contacting in writing the Corporate Secretary and Global Head of Executive Compensation and Benefits. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your service with the Company will not be affected; the only consequence of refusing or withdrawing your consent is that MSCI would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local Human Resources representative.

Finally, upon request by MSCI and/or any Subsidiary, you agree to provide an executed data privacy consent form (or any other agreements or consents) that MSCI and/or any Subsidiary may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by MSCI and/or any Subsidiary.

(d) *Language*. If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(e) *Electronic Delivery and Acceptance*. MSCI may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by MSCI or a third party designated by MSCI.

(f) *Exhibit B.* Notwithstanding any provisions in this Award Agreement, the RSUs shall be subject to any additional terms and conditions set forth in Exhibit B to this Award Agreement for your country. Moreover, if you relocate to one of the countries included in Exhibit B, the additional terms and conditions for such country will apply to you, to the extent MSCI determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Exhibit B constitutes part of this Award Agreement.

(g) *Insider Trading Restrictions/Market Abuse Laws.* By accepting the RSUs, you acknowledge that you are bound by all the terms and conditions of any MSCI insider trading policy as may be in effect from time to time. You further acknowledge that, depending on your country of residence, you may be or may become subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares (*e.g.*, phantom awards, futures) under the Plan during such times as you are considered to have "inside information" regarding MSCI (as determined under the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you place before you possessed inside information. Furthermore, you may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or otherwise causing them to buy or sell securities. Third parties include other service providers of MSCI and any of its subsidiaries. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that you are responsible for ensuring compliance with any applicable restrictions and you should consult your personal legal advisor on this matter.

(h) *Foreign Asset/Account, Exchange Control Reporting*. Your country may have certain exchange control and/or foreign asset/account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalents received or sale proceeds resulting from the sale of Shares) in a brokerage or bank account outside of your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to comply with any applicable regulations, and that you should consult your personal advisor on this matter.

EXHIBIT B

COUNTRY-SPECIFIC TERMS AND CONDITIONS

[●]

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 27, 2021

/s/ Henry A. Fernandez

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

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Andrew C. Wiechmann, 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 27, 2021

/s/ Andrew C. Wiechmann
Andrew C. Wiechmann
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 Andrew C. Wiechmann, 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, 2021 (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 27, 2021

/s/ Henry A. Fernandez	/s/ Andrew C. Wiechmann
Henry A. Fernandez	Andrew C. Wiechmann
Chairman and Chief Executive Officer	Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)