

**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 March 31, 2020

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 001-34675**



SS&C TECHNOLOGIES HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

71-0987913
(I.R.S. Employer
Identification No.)

80 Lamberton Road
Windsor, CT 06095
(Address of principal executive offices, including zip code)

860-298-4500
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.01 per share	SSNC	The Nasdaq Global Select Market

There were 256,242,800 shares of the registrant's common stock outstanding as of April 30, 2020.

INDEX

	<u>Page Number</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets at March 31, 2020 and December 31, 2019</u>	3
<u>Condensed Consolidated Statements of Comprehensive (Loss) Income for the three months ended March 31, 2020 and 2019</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2020 and 2019</u>	5
<u>Condensed Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2020 and 2019</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	24
<u>Item 4. Controls and Procedures</u>	25
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	25
<u>Item 1A. Risk Factors</u>	26
<u>Item 6. Exhibits</u>	26
<u>EXHIBIT INDEX</u>	27
<u>SIGNATURE</u>	28

SS&C Technologies Holdings, Inc., or "SS&C Holdings," is our top-level holding company. SS&C Technologies, Inc., or "SS&C," is our primary operating company and a wholly-owned subsidiary of SS&C Technologies Holdings, Inc. "We," "us," "our" and the "Company" mean SS&C Technologies Holdings, Inc. and its consolidated subsidiaries, including SS&C.

This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects", "estimates", "projects", "forecasts", "may", "assume", "intend", "will", "continue", "opportunity", "predict", "potential", "future", "guarantee", "likely", "target", "indicate", "would", "could" and "should" and similar expressions are intended to identify forward-looking statements. The important factors discussed under the caption "Risk Factors" in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on February 28, 2020, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. We do not undertake an obligation to update its forward-looking statements to reflect future events or circumstances.

PART I

Item 1. Financial Statements

SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except per share data) (Unaudited)

	March 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 373.7	\$ 152.8
Funds receivable and funds held on behalf of clients	1,073.1	1,729.9
Accounts receivable, net of allowance for doubtful accounts of \$14.6 and \$13.2, respectively	686.6	669.7
Contract asset	27.7	20.0
Prepaid expenses and other current assets	167.3	204.5
Restricted cash and cash equivalents	8.3	9.0
Total current assets	2,336.7	2,785.9
Property, plant and equipment, net (Note 2)	436.4	466.4
Operating lease right-of-use assets	358.0	375.3
Investments (Note 3)	175.5	160.1
Unconsolidated affiliates (Note 4)	228.2	234.8
Contract asset	78.6	78.6
Goodwill (Note 6)	7,859.7	7,959.9
Intangible and other assets, net of accumulated amortization of \$2,159.9 and \$2,022.0, respectively	4,501.0	4,680.1
Total assets	<u>\$ 15,974.1</u>	<u>\$ 16,741.1</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt (Note 7)	\$ 320.0	\$ 76.3
Client funds obligations	1,073.1	1,729.9
Accounts payable	42.8	36.9
Income taxes payable	7.9	13.3
Accrued employee compensation and benefits	163.4	290.6
Interest payable	0.2	27.6
Other accrued expenses	253.9	268.4
Deferred revenue	348.0	333.2
Total current liabilities	2,209.3	2,776.2
Long-term debt, net of current portion (Note 7)	6,986.3	7,077.8
Operating lease liabilities	331.8	348.6
Other long-term liabilities	317.9	333.7
Deferred income taxes	1,041.2	1,088.7
Total liabilities	10,886.5	11,625.0
Commitments and contingencies (Note 13)		
Stockholders' equity (Note 8):		
Preferred stock, \$0.01 par value per share, 5.0 million shares authorized; no shares issued	—	—
Class A non-voting common stock, \$0.01 par value per share, 5.0 million shares authorized; no shares issued	—	—
Common stock, \$0.01 par value per share, 400.0 million shares authorized; 259.0 million shares and 257.6 million shares issued, respectively, and 256.1 million shares and 254.6 million shares outstanding, respectively	2.6	2.6
Additional paid-in capital	4,324.3	4,266.9
Accumulated other comprehensive loss	(406.1)	(253.0)
Retained earnings	1,245.1	1,177.9
	5,165.9	5,194.4
Less: cost of common stock in treasury, 2.9 million shares	(78.3)	(78.3)
Total stockholders' equity	5,087.6	5,116.1
Total liabilities and stockholders' equity	<u>\$ 15,974.1</u>	<u>\$ 16,741.1</u>

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

SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In millions, except per share data) (Unaudited)

	Three Months Ended March 31,	
	2020	2019
Revenues:		
Software-enabled services	\$ 989.5	\$ 972.0
License, maintenance and related	184.1	165.2
Total revenues	<u>1,173.6</u>	<u>1,137.2</u>
Cost of revenues:		
Software-enabled services	583.5	586.9
License, maintenance and related	82.1	75.0
Total cost of revenues	<u>665.6</u>	<u>661.9</u>
Gross profit	<u>508.0</u>	<u>475.3</u>
Operating expenses:		
Selling and marketing	91.4	87.0
Research and development	104.9	94.8
General and administrative	92.9	91.5
Total operating expenses	<u>289.2</u>	<u>273.3</u>
Operating income	218.8	202.0
Interest expense, net	(77.4)	(101.6)
Other (expense) income, net	(15.3)	3.5
Equity in earnings of unconsolidated affiliates, net	0.7	—
Loss on extinguishment of debt	(2.8)	(7.1)
Income before income taxes	124.0	96.8
Provision for income taxes	24.8	16.0
Net income	<u>\$ 99.2</u>	<u>\$ 80.8</u>
Basic earnings per share	\$ 0.39	\$ 0.32
Diluted earnings per share	\$ 0.37	\$ 0.31
Basic weighted average number of common shares outstanding	255.3	251.5
Diluted weighted average number of common and common equivalent shares outstanding	265.6	263.7
Net income	\$ 99.2	\$ 80.8
Other comprehensive (loss) income, net of tax:		
Change in unrealized loss on interest rate swaps	(2.4)	—
Foreign currency exchange translation adjustment	(150.7)	41.8
Total other comprehensive (loss) income, net of tax	<u>(153.1)</u>	<u>41.8</u>
Comprehensive (loss) income	<u>\$ (53.9)</u>	<u>\$ 122.6</u>

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

SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions) (Unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash flow from operating activities:		
Net income	\$ 99.2	\$ 80.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	184.7	202.8
Equity in earnings of unconsolidated affiliates, net	(0.7)	—
Cash distributions received from unconsolidated affiliates	2.0	0.1
Stock-based compensation expense	22.5	20.4
Net losses (gains) on investments	11.3	(7.7)
Amortization and write-offs of loan origination costs and original issue discounts	3.5	4.3
Loss on extinguishment of debt	0.4	—
Loss on sale or disposition of property and equipment	3.7	2.5
Deferred income taxes	(32.3)	(29.6)
Provision for doubtful accounts	2.3	0.6
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	(27.2)	(2.9)
Prepaid expenses and other assets	13.2	21.9
Contract assets	(10.5)	4.2
Accounts payable	6.4	3.6
Accrued expenses and other liabilities	(171.0)	(161.8)
Income taxes prepaid and payable	38.1	(16.6)
Deferred revenue	2.1	14.8
Net cash provided by operating activities	<u>147.7</u>	<u>137.4</u>
Cash flow from investing activities:		
Cash paid for business acquisitions, net of cash acquired	(16.3)	3.2
Additions to property and equipment	(8.5)	(16.3)
Additions to capitalized software	(18.0)	(16.4)
Investments in securities	(40.0)	—
Proceeds from sales / maturities of investments	6.9	10.8
Collection of other non-current receivables	2.6	2.6
Net cash used in investing activities	<u>(73.3)</u>	<u>(16.1)</u>
Cash flow from financing activities:		
Cash received from debt borrowings	246.0	2,140.0
Repayments of debt	(95.9)	(2,278.4)
Fees paid for debt extinguishment and refinancing activities	—	(4.6)
Net decrease in client funds obligations	(670.7)	(79.3)
Proceeds from exercise of stock options	38.1	45.1
Withholding taxes paid related to equity award net share settlement	(3.3)	(9.5)
Dividends paid on common stock	(31.9)	(25.2)
Net cash used in financing activities	<u>(517.7)</u>	<u>(211.9)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7.1)	0.7
Net decrease in cash, cash equivalents and restricted cash	(450.4)	(89.9)
Cash, cash equivalents and restricted cash, beginning of period	1,789.4	1,113.3
Cash, cash equivalents and restricted cash and cash equivalents, end of period	<u>\$ 1,339.0</u>	<u>\$ 1,023.4</u>
Reconciliation of cash, cash equivalents and restricted cash and cash equivalents:		
Cash and cash equivalents	\$ 373.7	\$ 154.6
Restricted cash and cash equivalents	8.3	5.6
Funds receivable and funds held on behalf of clients	957.0	863.2
	<u>\$ 1,339.0</u>	<u>\$ 1,023.4</u>

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

SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions) (Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Stockholders' Equity
	Number of Issued Shares	Amount					
Balance, at December 31, 2019	257.6	\$ 2.6	\$ 4,266.9	\$ 1,177.9	\$ (253.0)	\$ (78.3)	\$ 5,116.1
Net income	—	—	—	99.2	—	—	99.2
Foreign exchange translation adjustment	—	—	—	—	(150.7)	—	(150.7)
Net change in interest rate swaps	—	—	—	—	(2.4)	—	(2.4)
Stock-based compensation expense	—	—	22.5	—	—	—	22.5
Exercise of options, net of withholding taxes	1.4	—	34.8	—	—	—	34.8
Cash dividends declared - \$0.125 per share	—	—	0.1	(32.0)	—	—	(31.9)
Balance, at March 31, 2020	<u>259.0</u>	<u>\$ 2.6</u>	<u>\$ 4,324.3</u>	<u>\$ 1,245.1</u>	<u>\$ (406.1)</u>	<u>\$ (78.3)</u>	<u>\$ 5,087.6</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Stockholders' Equity
	Number of Issued Shares	Amount					
Balance, at December 31, 2018	252.4	\$ 2.5	\$ 4,091.4	\$ 847.1	\$ (343.0)	\$ (18.0)	\$ 4,580.0
Net income	—	—	—	80.8	—	—	80.8
Foreign exchange translation adjustment	—	—	—	—	41.8	—	41.8
Stock-based compensation expense	—	—	20.4	—	—	—	20.4
Exercise of options, net of withholding taxes	2.0	—	35.6	—	—	—	35.6
Cash dividends declared - \$0.10 per share	—	—	—	(25.2)	—	—	(25.2)
Other	—	—	—	0.1	—	—	0.1
Balance, at March 31, 2019	<u>254.4</u>	<u>\$ 2.5</u>	<u>\$ 4,147.4</u>	<u>\$ 902.8</u>	<u>\$ (301.2)</u>	<u>\$ (18.0)</u>	<u>\$ 4,733.5</u>

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

SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1—Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). These accounting principles were applied on a basis consistent with those of the audited Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (the “SEC”) on February 28, 2020 (the “2019 Form 10-K”). The inputs into our judgments and estimates consider the economic implications of COVID-19 on our critical and significant accounting estimates. In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements contain all adjustments (consisting of only normal recurring adjustments, except as noted elsewhere in the notes to the Condensed Consolidated Financial Statements) necessary for a fair statement of our financial position as of March 31, 2020, the results of our operations for the three months ended March 31, 2020 and 2019, and our cash flows for the three months ended March 31, 2020 and 2019. These statements do not include all of the information and footnotes required by GAAP for annual financial statements. The Condensed Consolidated Financial Statements contained herein should be read in conjunction with the audited Consolidated Financial Statements and footnotes as of and for the year ended December 31, 2019, which were included in the 2019 Form 10-K. The December 31, 2019 Consolidated Balance Sheet data were derived from audited financial statements but do not include all disclosures required by GAAP for annual financial statements. The results of operations for the three months ended March 31, 2020 are not necessarily indicative of the expected results for any subsequent quarters or the full year.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires companies to measure credit losses utilizing a methodology that reflects expected credit losses and requires a consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Application of ASU 2016-13 is through a cumulative-effect adjustment to retained earnings as of the effective date. Upon adoption, ASU 2016-13 did not have a material impact on our financial position, results of operations or cash flows.

Recent Accounting Pronouncements Not Yet Effective

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. ASU 2019-12 simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for us for our first quarter of fiscal 2021. Certain amendments in this update must be applied on a prospective basis, certain amendments must be applied on a retrospective basis and certain amendments must be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the effective date. We are currently evaluating the impact of the pending adoption of ASU 2019-12 on our Consolidated Financial Statements.

Note 2—Property, Plant and Equipment, net

Property, plant and equipment and the related accumulated depreciation are as follows (in millions):

	March 31, 2020	December 31, 2019
Land	\$ 46.5	\$ 47.5
Building and improvements	295.1	302.2
Equipment, furniture, and fixtures	423.0	427.1
	764.6	776.8
Less: accumulated depreciation and amortization	(328.2)	(310.4)
Total property, plant and equipment, net	\$ 436.4	\$ 466.4

Depreciation expense for the three months ended March 31, 2020 and 2019 was \$27.1 million and \$32.0 million, respectively.

Note 3—Investments

Investments are as follows (in millions):

	March 31, 2020	December 31, 2019
Partnership interests in private equity funds	\$ 61.2	\$ 76.7
Marketable equity securities	29.8	37.9
Non-marketable equity securities	84.5	45.5
Total investments	<u>\$ 175.5</u>	<u>\$ 160.1</u>

Realized and unrealized gains and losses for our equity securities are as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
Unrealized (losses) gains on equity securities held as of the end of the period	\$ (11.1)	\$ 7.3
Realized gains (losses) for equity securities sold during the period	1.4	(0.2)
Total (losses) gains recognized in other (expense) income, net	<u>\$ (9.7)</u>	<u>\$ 7.1</u>

Preferred Stock Investment

On February 27, 2020, we entered into a Series A Convertible Share Purchase Agreement with SILAC, Inc. (“SILAC”), pursuant to which we acquired 40 million shares of Series A convertible preferred stock of SILAC for a purchase price of \$40.0 million. Mr. William C. Stone, our Chairman of the Board of Directors and Chief Executive Officer, has an economic interest in SILAC and is a member of its board of directors. Accordingly, the transaction constitutes a “related person transaction” under our related person transaction policy. Our audit committee and the independent members of our Board of Directors authorized and approved the transaction. Mr. Stone did not participate in the Board of Directors’ consideration of the transaction. The investment is classified as a non-marketable equity security.

Fair Value Measurement

Authoritative accounting guidance on fair value measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of March 31, 2020 and December 31, 2019, we held certain investment assets and certain liabilities that are required to be measured at fair value on a recurring basis. These investments include money market funds and marketable equity securities where fair value is determined using quoted prices in active markets. Accordingly, the fair value measurements of these investments have been classified as Level 1 in the tables below. Investments for which we elected net asset value as a practical expedient for fair value and investments measured using the fair value measurement alternative are excluded from the tables below. Fair value for deferred compensation liabilities that are credited with deemed gains or losses of the underlying hypothetical investments, primarily equity securities, have been classified as Level 1 in the tables below.

The following tables present assets and liabilities measured at fair value on a recurring basis (in millions):

	March 31, 2020	Fair Value Measurements at Reporting Date Using		
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds (1)	\$ 658.0	\$ 658.0	\$ —	\$ —
Marketable equity securities (2)	29.8	29.8	—	—
Deferred compensation liabilities (3)	(14.1)	(14.1)	—	—
Total	<u>\$ 673.7</u>	<u>\$ 673.7</u>	<u>\$ —</u>	<u>\$ —</u>

(1) Included in Cash and cash equivalents and Funds receivable and funds held on behalf of clients on the Condensed Consolidated Balance Sheet.

(2) Included in Investments on the Condensed Consolidated Balance Sheet.

(3) Included in Other long-term liabilities on the Condensed Consolidated Balance Sheet.

	December 31, 2019	Fair Value Measurements at Reporting Date Using		
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds (1)	\$ 1,051.1	\$ 1,051.1	\$ —	\$ —
Marketable equity securities (2)	37.9	37.9	—	—
Deferred compensation liabilities (3)	(20.8)	(20.8)	—	—
Total	\$ 1,068.2	\$ 1,068.2	\$ —	\$ —

- (1) Included in Cash and cash equivalents and Funds receivable and funds held on behalf of clients on the Condensed Consolidated Balance Sheet.
(2) Included in Investments on the Condensed Consolidated Balance Sheet.
(3) Included in Other long-term liabilities on the Condensed Consolidated Balance Sheet.

During the three months ended March 31, 2020, the fair value of our non-marketable equity securities was adjusted downward by \$1.0 million. During the three months ended March 31, 2019, the fair value of our non-marketable equity securities was adjusted upward by \$0.4 million.

We have partnership interests in various private equity funds that are not included in the tables above. Our investments in private equity funds were \$61.2 million and \$76.7 million at March 31, 2020 and December 31, 2019, respectively, of which \$57.1 million and \$72.1 million, respectively, were measured using net asset value as a practical expedient for fair value and \$4.1 million and \$4.6 million, respectively, were accounted for under the equity method of accounting. The investments in private equity funds represent underlying investments in domestic and international markets across various industry sectors. At March 31, 2020 and December 31, 2019, one of our investments in private equity funds, representing 74% and 75%, respectively, of the total value of the private equity fund investments, was primarily invested in the energy sector and real estate. We have no management rights associated with our partnership interests in this fund and withdrawals from this fund are subject to general partner consent. This fund has a termination date in 2020 with an optional one-year extension at the discretion of the general partner. We expect to receive distributions from this fund upon liquidation of the underlying investments over the next several years, however the exact timing of the distributions is unknown. We have no unfunded commitments related to this fund. Future capital commitments related to our other private equity fund investments were approximately \$1.6 million as of March 31, 2020 and December 31, 2019, respectively.

Generally, our investments in private equity funds are non-transferable or are subject to long holding periods, and withdrawals from the private equity firm partnerships are typically not permitted. Even when transfer restrictions do not apply, there is generally no public market for the securities. Therefore, we may not be able to sell the securities at a time when we desire to do so. We may not always be able to sell those investments at the same or higher prices than we paid for them. As of March 31, 2020, we did not have plans to sell any of these investments. The maximum risk of loss related to our private equity fund investments is limited to the carrying value of its investments in the entities plus any future capital commitments, which include future commitments that we believe are unlikely to be called by the general partner.

Note 4—Unconsolidated Affiliates

Investments in unconsolidated affiliates are as follows (in millions):

	Ownership Percentage	Carrying Value March 31, 2020	Excess carrying value of investment over proportionate share of net assets March 31, 2020
International Financial Data Services L.P.	50%	\$ 95.9	\$ 44.1
Pershing Road Development Company, LLC	50%	72.5	74.6
Broadway Square Partners, LLP	50%	51.2	29.8
Other unconsolidated affiliates		8.6	—
Total		\$ 228.2	\$ 148.5

Investments in unconsolidated affiliates are accounted for under the equity method of accounting. We record our proportionate share of the results of the unconsolidated affiliates and amortization expense related to basis differences in Equity in earnings of unconsolidated affiliates, net on the Condensed Consolidated Statement of Comprehensive (Loss) Income. One of the unconsolidated affiliates is a party to an interest rate swap agreement. We record our proportionate share of the change in value of the interest rate

swap agreement in Accumulated other comprehensive (loss) income. Amounts reclassified from Accumulated other comprehensive (loss) income to Net income are recorded in Equity in earnings of unconsolidated affiliates, net on the Condensed Consolidated Statement of Comprehensive (Loss) Income.

Equity in earnings of unconsolidated affiliates are as follows (in millions):

	Three Months Ended March 31,	
	2020	2019
International Financial Data Services L.P.	\$ 0.7	\$ 0.7
Pershing Road Development Company, LLC	0.7	0.5
Broadway Square Partners, LLP	0.3	0.3
Other unconsolidated affiliates	(1.0)	(1.5)
Total	<u>\$ 0.7</u>	<u>\$ —</u>

Note 5—Acquisitions

Captricity

On March 24, 2020, we purchased all of the outstanding stock of Captricity, Inc. (“Captricity”) for approximately \$15.3 million in cash, net of cash acquired, plus the costs of effecting the transaction and the assumption of certain liabilities. Captricity’s data transformation platform, Vidado, provides an enterprise-grade cloud-based machine learning solution that enables fast, scalable and highly accurate extraction of handwritten and machine-printed data from paper documents.

The net assets and results of operations of Captricity have been included in our Condensed Consolidated Financial Statements from March 24, 2020. The fair value of intangible assets, consisting of customer relationships and completed technology, was determined using the income approach. Specifically, the relief-from-royalty method was utilized for the completed technology and the excess earnings method was utilized for the customer relationships. The intangible assets are amortized each year based on the ratio that the projected cash flows for the intangible assets bear to the total of current and expected future cash flows for the intangible assets. The completed technology and the customer relationships are expected to be amortized over approximately seven and 15 years, respectively, in each case the estimated lives of the assets. The fair value of deferred revenue was determined using the market approach. The remainder of the purchase price was allocated to goodwill and is not tax deductible.

There are \$0.1 million in revenues from Captricity’s operations included in the Condensed Consolidated Statements of Comprehensive (Loss) Income for the three months ended March 31, 2020.

The following summarizes the preliminary allocation of the purchase price for the 2020 acquisition of Captricity. The assets and liabilities pending finalization include the valuation of acquired tangible and intangible assets and the evaluation of taxes (in millions):

	Captricity
Accounts receivable	\$ 0.3
Other assets	3.1
Acquired client relationships and contracts	4.3
Completed technology	2.9
Goodwill	8.3
Accounts payable	(0.4)
Accrued employee compensation and benefits	(0.3)
Deferred revenue	(2.1)
Other liabilities assumed	(0.8)
Consideration paid, net of cash acquired	<u>\$ 15.3</u>

We recorded severance expense related to reductions in headcount in connection with the integration efforts associated with the acquisitions of DST, Eze and Intralinks. The amount of severance expense recognized in our Condensed Consolidated Statements of Comprehensive (Loss) Income for the three months ended March 31, 2020 and 2019 was as follows (in millions):

Consolidated Statements of Comprehensive (Loss) Income Classification	Three Months Ended March 31,	
	2020	2019
Cost of software-enabled services	\$ 21.7	\$ 0.6
Cost of license, maintenance and other related	1.2	-
Total cost of revenues	22.9	0.6
Selling and marketing	1.1	2.7
Research and development	5.1	0.9
General and administrative	2.3	0.7
Total operating expenses	8.5	4.3
Total severance expense	\$ 31.4	\$ 4.9

The following unaudited pro forma information is provided for illustrative purposes only and assumes that the acquisition of Captricity occurred on January 1, 2019 and the acquisitions of Algorithmics and Investrack occurred on January 1, 2018, after giving effect to certain adjustments, including amortization of intangibles, interest, transaction costs and tax effects. This unaudited pro forma information (in millions, except per share data) should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had actually occurred on those dates, nor of the results that may be obtained in the future.

	Three Months Ended March 31,	
	2020	2019
Revenues	\$ 1,177.3	\$ 1,166.5
Net income	\$ 100.4	\$ 84.7

Note 6—Goodwill

The change in carrying value of goodwill as of and for the three months ended March 31, 2020 is as follows (in millions):

Balance at December 31, 2019	\$ 7,959.9
2020 acquisitions	8.3
Adjustments to prior acquisitions	(2.9)
Effect of foreign currency translation	(105.6)
Balance at March 31, 2020	\$ 7,859.7

Note 7—Debt

At March 31, 2020 and December 31, 2019, debt consisted of the following (in millions):

	March 31, 2020	December 31, 2019
Senior secured credit facilities, weighted-average interest rate of 2.74% and 4.05%, respectively	\$ 5,103.0	\$ 5,198.7
5.5% senior notes due 2027	2,000.0	2,000.0
Senior secured credit facilities revolving portion, weighted average interest rate of 2.96%	246.0	—
Other indebtedness	24.0	25.6
Unamortized original issue discount and debt issuance costs	(66.7)	(70.2)
	7,306.3	7,154.1
Less: current portion of long-term debt	320.0	76.3
Long-term debt	\$ 6,986.3	\$ 7,077.8

On January 31, 2020, we entered into an amendment (the “Amendment”) to our senior secured credit agreement dated April 16, 2018. Pursuant to the Amendment, the interest rate margin applicable to Term Loan B was reduced from LIBOR plus 2.25% to LIBOR plus 1.75%. No changes were made to the financial covenants, outstanding principal amounts or the scheduled amortization.

The Amendment was evaluated in accordance with FASB Accounting Standards Codification 470-50, *Debt-Modifications and Extinguishments*, for debt modification and extinguishment accounting. We accounted for the debt re-pricing as a debt modification with respect to amounts that remained obligations of the same lender in the syndicate with minor changes in cash flows and as a debt extinguishment with respect to amounts that were obligations of lenders that exited the syndicate or remained in the syndicate but experienced a change in cash flows of greater than 10%.

We recorded a \$2.8 million loss on extinguishment of debt in the three months ended March 31, 2020 in connection with the Amendment. The loss on extinguishment of debt includes the write-off of a portion of the unamortized capitalized financing fees related to our senior secured credit agreement for amounts accounted for as a debt extinguishment, as well as new financing fees for amounts accounted for as a debt modification.

On March 24, 2020, we borrowed \$211.0 million under our Revolving Credit Facility as a precautionary measure to increase liquidity and preserve financial flexibility in light of current uncertainty resulting from the COVID-19 pandemic. We borrowed \$35.0 million under the Revolving Credit Facility earlier in March for normal seasonal cash flow needs. As a result of these borrowings and previously outstanding letters of credit, we do not currently have any further availability under our Revolving Credit Facility.

Fair Value of Debt

The carrying amounts and fair values of financial instruments are as follows (in millions):

	March 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Senior secured credit facilities	\$ 5,103.0	\$ 4,759.7	\$ 5,198.7	\$ 5,231.7
5.5% senior notes due 2027	2,000.0	2,062.5	2,000.0	2,135.0
Senior secured credit facilities, revolving portion	246.0	221.7	—	—
Other indebtedness	24.0	24.2	25.6	25.9

The above fair values, which are Level 2 liabilities, were computed based on comparable quoted market prices. The fair values of cash, accounts receivable, net, short-term borrowings, and accounts payable approximate the carrying amounts due to the short-term maturities of these instruments.

Note 8—Stockholders' Equity

Dividends

We paid a quarterly cash dividend of \$0.125 per share of common stock in March of 2020 totaling \$31.9 million in the aggregate. We paid a quarterly cash dividend of \$0.10 per share of common stock in March of 2019 totaling \$25.2 million in the aggregate.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss balances, net of tax consist of the following (in millions):

	Interest Rate Swap	Foreign Currency Translation	Accumulated Other Comprehensive Loss
Balance, December 31, 2019	\$ (2.8)	\$ (250.2)	\$ (253.0)
Net current period other comprehensive loss	(2.4)	(150.7)	(153.1)
Balance, March 31, 2020	\$ (5.2)	\$ (400.9)	\$ (406.1)

Adjustments to accumulated other comprehensive loss are as follows (in millions):

	Three Months Ended March 31,			
	2020		2019	
	Pretax	Tax Effect	Pretax	Tax Effect
Interest Rate Swap				
Unrealized losses on interest rate swaps	\$ (1.5)	\$ 0.8	\$ —	\$ —
Reclassification of losses into net earnings on interest rate swaps	(1.7)	—	—	—
Net change in cash flow hedges	(3.2)	0.8	—	—
Foreign Currency Translation				
Current period translation adjustments	(151.5)	0.8	42.0	(0.2)
Net cumulative translation adjustments	(151.5)	0.8	42.0	(0.2)
Total other comprehensive (loss) income	\$ (154.7)	\$ 1.6	\$ 42.0	\$ (0.2)

Note 9—Revenues

We generate revenues primarily through our software-enabled services. Our software-enabled services are generally provided under contracts with initial terms of one to five years that require monthly or quarterly payments and are subject to automatic annual renewal at the end of the initial term unless terminated by either party. We also generate revenues by licensing our software to clients through either perpetual or term licenses and by selling maintenance services. We classify license revenues related to sales-based royalty arrangements as term license revenue. Maintenance services are generally provided under annually renewable contracts. Our pricing typically scales as a function of our clients' assets under management, the complexity of asset classes managed, the volume of transactions, and the level of service the client requires. Revenues from professional services consist mostly of services provided on a time and materials basis.

Deferred revenues primarily represent unrecognized fees billed or collected for maintenance and professional services. Deferred revenues are recognized as (or when) we perform under the contract. Deferred revenues are recorded on a net basis with contract assets at the contract level. Accordingly, as of March 31, 2020 and December 31, 2019, approximately \$44.6 million and \$51.8 million, respectively, of deferred revenue is presented net within contract assets arising from the same contracts. The amount of revenues recognized in the period that was included in the opening deferred revenues balance was \$108.0 million and \$99.9 million for the three months ended March 31, 2020 and 2019, respectively.

As of March 31, 2020, revenue of approximately \$623.0 million is expected to be recognized from remaining performance obligations for license, maintenance and related revenues, of which \$343.0 million is expected to be recognized over the next twelve months.

We record revenue net of any taxes assessed by governmental authorities.

Revenue Disaggregation

The following table disaggregates our revenues by geography (in millions):

	Three Months Ended March 31,	
	2020	2019
United States	\$ 862.0	\$ 828.3
United Kingdom	156.2	166.3
Europe (excluding United Kingdom), Middle East and Africa	63.0	48.3
Asia-Pacific and Japan	45.4	51.6
Canada	28.6	27.2
Americas, excluding United States and Canada	18.4	15.5
Total	\$ 1,173.6	\$ 1,137.2

The following table disaggregates our revenues by source (in millions):

	Three Months Ended March 31,	
	2020	2019
Software-enabled services	\$ 989.5	\$ 972.0
Maintenance and term licenses	159.8	130.1
Professional services	20.0	20.0
Perpetual licenses	4.3	15.1
Total	<u>\$ 1,173.6</u>	<u>\$ 1,137.2</u>

Note 10—Stock Based Compensation

Stock options, SARs, RSUs and RSAs

The amount of stock-based compensation expense recognized in our Condensed Consolidated Statements of Comprehensive (Loss) Income for the three months ended March 31, 2020 and 2019 was as follows (in millions):

Condensed Consolidated Statements of Comprehensive (Loss) Income Classification	Three Months Ended March 31,	
	2020	2019
Cost of software-enabled services	\$ 9.1	\$ 8.6
Cost of license, maintenance and other related	1.3	1.4
Total cost of revenues	<u>10.4</u>	<u>10.0</u>
Selling and marketing	3.5	3.0
Research and development	2.9	2.6
General and administrative	5.7	4.8
Total operating expenses	<u>12.1</u>	<u>10.4</u>
Total stock-based compensation expense	<u>\$ 22.5</u>	<u>\$ 20.4</u>

The following table summarizes stock option and stock appreciation rights (“SARs”) activity as well as restricted stock unit (“RSUs”) activity for the three months ended March 31, 2020 (shares in millions):

	Stock Options and SARs	RSUs
	Shares	Shares
Outstanding at December 31, 2019	42.1	0.5
Granted	0.1	—
Cancelled/forfeited	(0.6)	—
Vested	—	(0.2)
Exercised	(1.3)	—
Outstanding at March 31, 2020	<u>40.3</u>	<u>0.3</u>

Note 11—Income Taxes

The effective tax rate was 20.0% and 16.5% for the three months ended March 31, 2020 and 2019, respectively. The change in the effective tax rate for the three months ended March 31, 2020 compared to the respective prior year period was primarily due to the decrease in recognition of windfall tax benefits from stock awards in the current year, partially offset by a proportionate change in the composition of income before income taxes from foreign and domestic tax jurisdictions.

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted on March 27, 2020 in the United States. We evaluated the provisions of the CARES Act as of March 31, 2020, with no material effect on income taxes in the financial statements. Certain tax provisions of the CARES Act may result in immaterial cash tax benefits.

Note 12—Earnings per Share

The following table sets forth the computation of basic and diluted EPS (in millions, except per share amounts):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Net income	\$ 99.2	\$ 80.8
Shares:		
Weighted average common shares outstanding — used in calculation of basic EPS	255.3	251.5
Weighted average common stock equivalents — stock options and restricted shares	10.3	12.2
Weighted average common and common equivalent shares outstanding — used in calculation of diluted EPS	265.6	263.7
Earnings per share - Basic	\$ 0.39	\$ 0.32
Earnings per share - Diluted	\$ 0.37	\$ 0.31

Stock options and SARs representing 12.2 and 5.7 million shares were outstanding for the three months ended March 31, 2020 and 2019, respectively, but were not included in the computation of diluted EPS because the effect of including them would be anti-dilutive.

Note 13—Commitments and Contingencies

From time to time, we are subject to legal proceedings and claims. In our opinion, we are not involved in any litigation or proceedings that would have a material adverse effect on us or our business.

Legal Proceedings

A putative representative action suit was filed against DST, the Compensation Committee of DST’s Board of Directors, the Advisory Committee of DST Systems, Inc. 401(k) Profit Sharing Plan (the “Plan”) and certain of DST’s present and/or former officers and directors, alleging breach of fiduciary duties and other violations of the Employee Retirement Income Security Act (“ERISA”). On September 1, 2017, a complaint was filed purportedly on behalf of the Plan in the United States District Court for the Southern District of New York, captioned Ferguson, et al v. Ruane Cunniff & Goldfarb Inc., et al., naming as defendants DST, the Compensation Committee of DST’s Board of Directors, the Advisory Committee of the Plan and certain of DST’s present and/or former officers and directors (collectively the “DST Defendants”). On September 18, 2019, the United States District Court for the Southern District of New York granted a partial dismissal related to certain claims against the DST Defendants concerning the 401k portion of the Plan. On October 31, 2019, the DST Defendants filed an answer to the amended complaint and asserted crossclaims for contribution and/or indemnification against Ruane, Cunniff & Goldfarb Inc. (“Ruane”). On January 9, 2020, Ruane filed an amended answer to the amended complaint asserting crossclaims for contribution and/or indemnification against DST. Both DST and Ruane have filed answers denying the crossclaims asserted against them.

On September 28, 2018, a complaint was filed in the United States District Court for the Southern District of New York captioned Robert Canfield, et al. v. SS&C Technologies Holdings, Inc., et al., on behalf of five individual plaintiffs. On November 5, 2018, a similar complaint was filed in the United States District Court for the Southern District of New York captioned Mark Mendon, et al. v. SS&C Technologies Holdings, Inc., et al., on behalf of two individual plaintiffs. These complaints name as defendants SS&C, DST, the Advisory Committee of the Plan, the Compensation Committee of DST’s Board of Directors and Ruane. The underlying claim in each complaint is the same as in the above-described Ferguson matter, with the exception that these are individual actions and not putative class actions. On February 18, 2020, the DST Defendants moved to disqualify plaintiffs’ counsel in these actions and in nearly all of the arbitrations described below. Those motions were fully briefed on March 24, 2020 and remain pending.

DST, the Advisory Committee of the Plan, and the Compensation Committee of DST’s Board of Directors have been named in 430 substantially similar individual demands for arbitration through March 29, 2020, by former and current DST employees demanding arbitration under the DST Employee Arbitration Program and Agreement. The underlying claim in each is the same as in the above-described Ferguson matter, with the exception that each is an individual claim and not a putative class action. As of March 31, 2020, the parties have jointly submitted 392 of the demands for arbitration to the American Arbitration Association. The remaining demands for arbitration have not yet been submitted.

On October 8, 2019, a substantially similar action to the above-described Ferguson, Canfield, Mendon and arbitration matters captioned Scalia v. Ruane, Cunniff & Goldfarb Inc. was filed by the U.S. Department of Labor (“DOL”) in the United States District Court for the Southern District of New York naming as defendants DST, the Advisory Committee of the Plan, the Compensation Committee of DST’s Board of Directors and certain of DST’s former officers and directors (“DST DOL Defendants”), and alleging

that the DST DOL Defendants breached fiduciary duties in violation of ERISA in connection with the Plan. The complaint also names as defendants Ruane and its former Chairman and Chief Executive Officer Robert D. Goldfarb. In the complaint, the DOL seeks disgorgement, damages and any other appropriate injunctive or equitable relief.

On December 10, 2019, Ruane filed a complaint in the United States District Court for the Southern District of New York captioned Ruane, Cunniff & Goldfarb Inc. v. Percy Payne, et al. against the former and current DST employees who brought arbitration claims against Ruane and the DST Defendants. Ruane named DST and others as nominal defendants. The complaint seeks a declaratory judgment that multiple Plan participants and representatives cannot pursue duplicative actions seeking the same or similar relief. On December 18, 2019, Ruane filed a motion seeking a preliminary injunction prohibiting the arbitrations from proceeding until a determination by the Court as to which action or actions should proceed. That motion remains pending.

We continue to vigorously defend these matters. We have not yet determined what effect these matters will have, if any, on our financial position or results of operations.

Note 14—Subsequent Event

On April 30, 2020, we entered into a definitive agreement to acquire Innovest Systems for total consideration of \$120.0 million. Innovest builds systems for trust accounting, payments and unique asset servicing on modern, web-based technology. The purchase price will consist of \$100.0 million in cash, subject to certain adjustments, and \$20.0 million in common stock, with the value of the common stock portion based on the trading price between April 20, 2020 and the date of the closing. The transaction is expected to close in the second quarter of 2020.

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

This Management’s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, is intended to provide readers of our Condensed Consolidated Financial Statements with the perspectives of management. It presents, in narrative form, information regarding our financial condition, results of operations, liquidity and certain other factors that may affect our future results. It should be read in conjunction with our 2019 Form 10-K and the Condensed Consolidated Financial Statements included in this Form 10-Q.

The impacts of COVID-19 and related economic conditions on our results are uncertain and, in many respects, outside our control. While we have experienced some client delays in committing to services and products, to date we have experienced no direct material negative effects on our business and results of operations as a result of the current COVID-19 outbreak. The situation remains dynamic and subject to rapid and possibly material change, which ultimately could result in material negative effects on our business and results of operations. In addition, because COVID-19 did not begin to affect our financial results until late in the first quarter of 2020, its impact on our results in the first quarter of 2020 may not be indicative of its impact on our results for the remainder of 2020. We will continue to evaluate the nature and extent of the potential impacts to our business, consolidated results of operations, segment results, liquidity and capital resources.

Critical Accounting Policies

Certain of our accounting policies require the application of significant judgment by our management, and such judgments are reflected in the amounts reported in our Condensed Consolidated Financial Statements. In applying these policies, our management uses its judgment to determine the appropriate assumptions to be used in the determination of estimates. Those estimates are based on our historical experience, terms of existing contracts, management’s observation of trends in the industry, information provided by our clients and information available from other outside sources, as appropriate. Actual results may differ significantly from the estimates contained in our Condensed Consolidated Financial Statements. There have been no material changes to our critical accounting estimates and assumptions or the judgments affecting the application of those estimates and assumptions since the filing of our 2019 Form 10-K. Our critical accounting policies are described in the 2019 Form 10-K and include:

- Investments
- Long-Lived Assets, Intangible Assets and Goodwill
- Software Capitalization
- Acquisition Accounting
- Revenue Recognition
- Depreciation of Fixed Assets
- Stock-based Compensation
- Income Taxes

Results of Operations

Revenues

We derive our revenues from two sources: software-enabled services revenues and license, maintenance and related revenues. As a general matter, fluctuations in our software-enabled services revenues are attributable to the number of new software-enabled services clients as well as total assets under management in our clients' portfolios and the number of outsourced transactions provided to our existing clients. Software-enabled services revenues also fluctuate as a result of reimbursements received for "out-of-pocket" expenses, such as postage and telecommunications charges, which are recorded as revenues on an accrual basis. Because these additional revenues are offset by the reimbursable expenses incurred, there is no impact on gross profit, operating income and net income, however the reimbursements billed and expenses incurred can lead to fluctuations in revenues, cost of revenues and gross margin percentage each period. License, maintenance and related revenues consist primarily of term and perpetual license fees, maintenance fees and professional services. Maintenance revenues vary based on customer retention and on the annual increases in fees, which are generally tied to the consumer price index. License and professional services revenues tend to fluctuate based on the number of new licensing clients, the timing and terms of contract renewals and demand for consulting services.

The following table sets forth the percentage of our total revenues represented by each of the following sources of revenues for the periods indicated:

	Three Months Ended March 31,	
	2020	2019
Software-enabled services	84.3%	85.5%
License, maintenance and related	15.7%	14.5%
Total revenues	100.0%	100.0%

The following table sets forth revenues (dollars in millions) and percent change in revenues for the periods indicated:

	Three Months Ended March 31,		Percent Change from Prior Period
	2020	2019	
Software-enabled services	\$ 989.5	\$ 972.0	1.8%
License, maintenance and related	184.1	165.2	11.4%
Total revenues	\$ 1,173.6	\$ 1,137.2	3.2%

Three Months Ended March 31, 2020 and 2019. Our revenues increased \$36.4 million, or 3.2%, primarily due to an increase of \$23.8 million in organic revenues. Our revenues also increased due to our acquisitions, which included Investrack and Algorithmics in the fourth quarter of 2019 and our acquisition of Captricity in March of 2020, which, combined, contributed \$18.1 million in revenues. These increases were partially offset by the unfavorable impact from foreign currency translation, which reduced revenues by \$5.5 million. Software-enabled services revenues increased \$17.5 million, or 1.8%, due to a continued increase in organic revenues, as well as from our acquisitions, which added revenues of \$2.5 million. These increases were partially offset by the unfavorable impact from foreign currency translation of \$4.5 million. License, maintenance and related revenues increased \$18.9 million, or 11.4%, primarily due to an increased in organic revenues, as well as our acquisitions, which added revenues of \$15.6 million. The unfavorable impact from foreign currency translation was \$1.0 million.

Cost of Revenues

Cost of software-enabled services revenues consists primarily of costs related to personnel utilized in providing our software-enabled services and amortization of intangible assets. Cost of license, maintenance and other related revenues consists primarily of the costs related to personnel utilized in servicing our maintenance contracts and to provide implementation, conversion and training services to our software licensees, as well as system integration and custom programming consulting services and amortization of intangible assets.

The following tables set forth each of the following cost of revenues as a percentage of their respective revenue source for the periods indicated:

	Three Months Ended March 31,	
	2020	2019
Cost of software-enabled services	59.0%	60.4%
Cost of license, maintenance and related	44.6%	45.4%
Total cost of revenues	56.7%	58.2%
Gross margin percentage	43.3%	41.8%

The following table sets forth cost of revenues (dollars in millions) and percent change in cost of revenues for the periods indicated:

	Three Months Ended March 31,		Percent Change from Prior Period
	2020	2019	
Cost of software-enabled services	\$ 583.5	\$ 586.9	(0.6)%
Cost of license, maintenance and related	82.1	75.0	9.5%
Total cost of revenues	<u>\$ 665.6</u>	<u>\$ 661.9</u>	0.6%

Three Months Ended March 31, 2020 and 2019. Our total cost of revenues increased by \$3.7 million, or 0.6%, primarily due to our acquisitions of Investrack, Algorithmics and Captricity, which added \$7.9 million in costs, partially offset by the favorable impact from foreign currency translation which reduced costs by \$3.2 million. Total costs of revenues, excluding the impact of acquisitions and foreign currency translation, decreased by \$1.0 million, primarily due to reductions in various non-personnel related expenses partially offset by an increase in severance expense of approximately \$22.9 million related to reductions in headcount in connection with continued integration efforts within our recently acquired businesses. Cost of software-enabled services revenues decreased \$3.4 million, or 0.6%, primarily due to reductions in various non-personnel related expenses partially offset by severance expense of \$21.7 million during the three months ended March 31, 2020 and by our acquisitions, which added \$0.9 million in costs. The favorable impact from foreign currency translation reduced costs by \$2.5 million. Cost of license, maintenance and related revenues increased \$7.1 million, or 9.5%, primarily due to our acquisitions, which added \$6.9 million in costs, partially offset by the favorable impact from foreign currency translation reduced costs by \$0.7 million.

Operating Expenses

Selling and marketing expenses consist primarily of the personnel costs associated with the selling and marketing of our products, including salaries, commissions and travel and entertainment. Such expenses also include amortization of intangible assets, the cost of branch sales offices, trade shows and marketing and promotional materials. Research and development expenses consist primarily of personnel costs attributable to the enhancement of existing products and the development of new software products. General and administrative expenses consist primarily of personnel costs related to management, accounting and finance, information management, human resources and administration and associated overhead costs, as well as fees for professional services.

The following table sets forth the percentage of our total revenues represented by each of the following operating expenses for the periods indicated:

	Three Months Ended March 31,	
	2020	2019
Selling and marketing	7.8%	7.7%
Research and development	8.9%	8.3%
General and administrative	7.9%	8.0%
Total operating expenses	<u>24.6%</u>	<u>24.0%</u>

The following table sets forth operating expenses (dollars in millions) and percent change in operating expenses for the periods indicated:

	Three Months Ended March 31,		Percent Change from Prior Period
	2020	2019	
Selling and marketing	\$ 91.4	\$ 87.0	5.1%
Research and development	104.9	94.8	10.7%
General and administrative	92.9	91.5	1.5%
Total operating expenses	<u>\$ 289.2</u>	<u>\$ 273.3</u>	5.8%

Three Months Ended March 31, 2020 and 2019. Operating expenses increased \$15.9 million, or 5.8%, primarily due to our acquisitions of Investrack, Algorithmics and Captricity, which added \$12.2 million in expenses, as well as an increase in severance expense of \$4.2 million related to reductions in headcount in connection with continued integration efforts within our recently acquired businesses. The impact from foreign currency translation reduced costs by \$2.6 million.

Comparison of the Three Months Ended March 31, 2020 and 2019 for Interest, Taxes and Other

Interest expense, net. We had net interest expense of \$77.4 million in 2020 compared to \$101.6 million in 2019. The decrease in interest expense, net for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 relates to lower average debt balances and a lower average interest rate. These facilities are discussed further in “Liquidity and Capital Resources”.

Other (expense) income, net. We had other expense, net of \$15.3 million in 2020 compared to other income, net of \$3.5 million in 2019. During the three months ended March 31, 2020, other expense, net included investment losses net of dividend income of \$10.9 million. The remaining portion of other expense, net consisted primarily of foreign currency transaction losses. During the three months ended March 31, 2019, other income, net included investment gains and dividend income of \$8.0 million. The remaining portion of other income, net consisted primarily of foreign currency transaction losses.

Equity in earnings of unconsolidated affiliates, net. We had equity in earnings of unconsolidated affiliates, net of \$0.7 million in 2020. No equity in earnings of unconsolidated affiliates was recognized for the three months ended March 31, 2019.

Loss on extinguishment of debt. We recorded a \$2.8 million loss on extinguishment of debt in the three months ended March 31, 2020 in connection with the amendment to our senior secured credit agreement. The loss on extinguishment of debt includes the write-off of a portion of the unamortized capitalized financing fees related to the senior secured credit agreement for amounts accounted for as a debt extinguishment, as well as new financing fees related to amounts accounted for as a debt modification. We recorded a \$7.1 million loss on extinguishment of debt in the three months ended March 31, 2019 in connection with the repayment of a portion of our Term Loans with the proceeds from the issuance of our Senior Notes. The loss on extinguishment of debt includes costs incurred by us which did not meet the criteria for capitalization. The Senior Notes are discussed further in “Liquidity and Capital Resources.”

Provision for income taxes. The following table sets forth the provision for income taxes (dollars in millions) and effective tax rates for the periods indicated:

	Three Months Ended March 31,	
	2020	2019
Provision for income taxes	\$ 24.8	\$ 16.0
Effective tax rate	20.0%	16.5%

Our effective tax rates for the three months ended March 31, 2020 and 2019 differ from the statutory rate of 21.0% primarily due to the composition of income before income taxes from foreign and domestic tax jurisdictions, foreign income that is being taxed in the U.S. offset by foreign tax credits that are being limited, and the recognition of windfall tax benefits from stock awards. The change in the effective tax rate for the three months ended March 31, 2020 compared to the prior year was primarily due to a decreased recognition of windfall tax benefits from stock awards, partially offset by a proportionate change in the composition of income before income taxes from foreign and domestic tax jurisdictions. While we have income from multiple foreign sources, the majority of our non-U.S. operations are in the U.K. and India, where we anticipate the statutory tax rates to be 17.5% and 29.1%, respectively, in 2020. A future change in the composition of income before income taxes from foreign and domestic tax jurisdictions could impact our periodic effective tax rate.

Liquidity and Capital Resources

Our principal cash requirements are to finance the costs of our operations pending the billing and collection of client receivables, to fund payments with respect to our indebtedness, to invest in research and development, to acquire complementary businesses or assets and to pay dividends on our common stock. We expect our cash on hand and cash flows from operations to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for at least the next twelve months. We continue to evaluate and take action, as necessary, to preserve adequate liquidity. This includes limiting discretionary spending across the organization and re-prioritizing our capital projects amid the COVID-19 pandemic. For example, as of March 31, 2020, we borrowed a total of \$246.0 million, representing all amounts available to us under our Revolving Credit Facility, as a precautionary measure in order to increase liquidity and preserve financial flexibility in light of current uncertainty resulting from the COVID-19 pandemic.

In March 2020, we purchased all of the outstanding stock of Captricity, Inc. for approximately \$15.3 million in cash, net of cash acquired, plus the costs of effecting the transaction and the assumption of certain liabilities.

During the three months ended March 31, 2020, we paid a quarterly cash dividend of \$0.125 per share of common stock totaling \$31.9 million in the aggregate. During the three months ended March 31, 2019, we paid a quarterly cash dividend of \$0.10 per share of common stock totaling \$25.2 million in the aggregate.

Our cash, cash equivalents and restricted cash and cash equivalents, including amounts held on behalf of clients, at March 31, 2020 were \$1,339.0 million, a decrease of \$450.4 million from \$1,789.4 million at December 31, 2019.

Client funds obligations include our transfer agency client balances invested overnight as well as our contractual obligations to remit funds to satisfy client pharmacy claim obligations and are recorded on the Condensed Consolidated Balance Sheet when incurred, generally after a claim has been processed by us. Our contractual obligations to remit funds to satisfy client obligations are primarily sourced by funds held on behalf of clients. We had \$1,073.1 million of client funds obligations at March 31, 2020.

Cash flows from operating, investing and financing activities, as reflected in our Condensed Consolidated Statements of Cash Flows, are summarized in the following table (in millions):

Net cash, cash equivalents and restricted cash provided by (used in):	Three Months Ended March 31,		Change From Prior Year
	2020	2019	
Operating activities	\$ 147.7	\$ 137.4	\$ 10.3
Investing activities	(73.3)	(16.1)	(57.2)
Financing activities	(517.7)	(211.9)	(305.8)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(7.1)	0.7	(7.8)
Net decrease in cash, cash equivalents and restricted cash	\$ (450.4)	\$ (89.9)	\$ (360.5)

Net cash provided by operating activities was \$147.7 million for the three months ended March 31, 2020. Cash provided by operating activities primarily resulted from net income of \$99.2 million adjusted for non-cash items of \$197.4 million, offset by changes in our working capital accounts (excluding the effect of acquisitions) totaling \$148.9 million. The changes in our working capital accounts were driven by decreases in accrued expenses, an increase in accounts receivable and an increase in contract assets, partially offset by changes in income taxes prepaid and payable, decreases in prepaid expenses and other assets, an increase in accounts payable and an increase in deferred revenues. The decrease in accrued expenses was primarily due to the payment of annual employee bonuses in the first quarter of 2020. The increase in accounts receivable was primarily due to an increase in days' sales outstanding as well as the billing of receivables for annual maintenance invoices that are typically billed in the first quarter of each year. The increase in contract assets was primarily due to new term license deals. The change in income taxes prepaid and payable is primarily driven by the timing of tax payments. The decrease in prepaid expenses and other assets and the increase in accounts payable were primarily due to the timing of payments.

Investing activities used net cash of \$73.3 million for the three months ended March 31, 2020, primarily related to \$40.0 million in investments in securities, \$18.0 million in capitalized software development costs, \$16.3 million in cash paid for business acquisitions (net of cash acquired) and \$8.5 million in capital expenditures, partially offset by proceeds from sales and maturities of investments of \$6.9 million and the collection of other non-current receivables of \$2.6 million.

Financing activities used net cash of \$517.7 million for the three months ended March 31, 2020, representing a net decrease in client funds obligations of \$670.7 million, \$31.9 million in quarterly dividends paid and \$3.3 million in withholding taxes paid related to equity award net share settlements. These payments were partially offset by net borrowings of debt totaling \$150.1 million and proceeds of \$38.1 million from stock option exercises.

Our cash, cash equivalents and restricted cash and cash equivalents, including amounts held on behalf of clients, were \$1,023.4 million at March 31, 2019, a decrease of \$89.9 million from \$1,113.3 million at December 31, 2018. The decrease in cash, cash equivalents and restricted cash and cash equivalents is primarily due to a decrease in restricted cash associated with funds receivable and held on behalf of clients.

Net cash provided by operating activities was \$137.4 million for the three months ended March 31, 2019. Cash provided by operating activities primarily resulted from net income of \$80.8 million adjusted for non-cash items of \$193.4 million, partially offset by changes in our working capital accounts (excluding the effect of acquisitions) totaling \$136.8 million. The changes in our working capital accounts were driven by decreases in accrued expenses, changes in income taxes prepaid and payable and increases in accounts

receivable, partially offset by decreases in contract assets and prepaid expenses and other assets, as well as increases in deferred revenue and accounts payable. The decrease in accrued expenses was primarily due to the payment of annual employee bonuses in the three months ended March 31, 2019. The increase in accounts receivable was primarily due to a slight increase in days' sales outstanding as well as the billing of receivables for annual maintenance invoices that are typically billed in the first quarter of each year. The decrease in prepaid expenses and other assets and the increase in accounts payable was primarily due to the timing of payments.

Investing activities used net cash of \$16.1 million for the three months ended March 31, 2019, primarily related to \$16.4 million in capitalized software development costs and \$16.3 million in capital expenditures, partially offset by proceeds from sales and maturities of investments of \$10.8 million, cash received of \$3.2 million related to purchase price adjustments for prior acquisitions and the collection of other non-current receivables of \$2.6 million.

Financing activities used net cash of \$211.9 million for the three months ended March 31, 2019, representing repayments of debt totaling \$2,278.4 million, a net decrease in client funds obligations of \$79.3 million, \$25.2 million in quarterly dividends paid, \$9.5 million in withholding taxes paid related to equity award net share settlements and the payment of \$4.6 million in fees related to debt extinguishment and refinancing activities. These payments were partially offset by \$2,140.0 million received from debt borrowings and proceeds of \$45.1 million from stock option exercises.

We have made a permanent reinvestment determination in certain non-U.S. operations that have historically generated positive operating cash flows. At March 31, 2020, we held approximately \$115.8 million in cash and cash equivalents at non-U.S. subsidiaries where we had made such a determination and in turn, no provision for foreign withholding, foreign local, or U.S. state income taxes had been made. At March 31, 2020, we held approximately \$96.8 million in cash that was available to our foreign borrowers under our senior secured credit facility and will be used to facilitate debt servicing of those entities.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Senior Secured Credit Facilities

On January 31, 2020, we entered into an amendment ("the Amendment") to our senior secured credit agreement ("Amended Senior Secured Credit Agreement"), whereby the interest rate margin applicable to the term loans was reduced from LIBOR plus 2.25% to LIBOR plus 1.75%. No changes were made to the financial covenants, outstanding principal amounts or the scheduled amortization.

The Amendment was evaluated in accordance with FASB Accounting Standards Codification 470-50, Debt-Modifications and Extinguishments, for debt modification and extinguishment accounting. We accounted for the debt re-pricing as a debt modification with respect to amounts that remained obligations of the same lender in the syndicate with minor changes in cash flows and as a debt extinguishment with respect to amounts that were obligations of lenders that exited the syndicate or remained in the syndicate but experienced a change in cash flows of greater than 10%. See Note 7 to our Condensed Consolidated Financial Statements for further discussion of debt.

We recorded a \$2.8 million loss on extinguishment of debt in the three months ended March 31, 2020 in connection with the Amendment. The loss on extinguishment of debt includes the write-off of a portion of the unamortized capitalized financing fees related to our senior secured credit agreement for amounts accounted for as a debt extinguishment, as well as new financing fees related to amounts accounted for as a debt modification.

As of March 31, 2020, there was \$1,906.1 million in principal amount outstanding under the Term B-3 Loan, \$1,360.2 million in principal amount outstanding under the Term B-4 Loan and \$1,836.7 million in principal amount outstanding under the Term B-5 Loan. There were no principal amounts outstanding under the Term B-1 Loan or Term B-2 Loan. In addition, the Amended Senior Secured Credit Agreement has a revolving credit facility with a five-year term available for borrowings by SS&C with \$250 million in available commitments ("Revolving Credit Facility"), of which no availability remained as of March 31, 2020. The Revolving Credit Facility also contains a \$25 million letter of credit sub-facility, of which \$4.0 million was drawn as of March 31, 2020.

We are required to make scheduled quarterly payments of 0.25% of the original principal amount of the Term B-3 Loan, Term B-4 Loan and Term B-5 Loan, with the balance due and payable on April 16, 2025. No amortization is required under the Revolving

Credit Facility. We may also, from time to time in our sole discretion, purchase, redeem, or retire our existing term loans, through tender offers, in privately negotiated or open market transactions, or otherwise.

Our obligations under the Term Loans are guaranteed by (i) our existing and future U.S. wholly-owned restricted subsidiaries, in the case of the Term B-3 Loan, Term B-5 Loan and the Revolving Credit Facility and (ii) our existing and future wholly-owned restricted subsidiaries, in the case of the Term B-4 Loan.

The obligations of the U.S. loan parties under the Amended Senior Secured Credit Agreement are secured by substantially all of the assets of such persons (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of the U.S. wholly-owned restricted subsidiaries of such persons (with customary exceptions and limitations) and 65% of the capital stock of certain foreign restricted subsidiaries of such persons (with customary exceptions and limitations). All obligations of the non-U.S. loan parties under the Amended Senior Secured Credit Agreement are secured by substantially all of our and the other guarantors' assets (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of our wholly-owned restricted subsidiaries (with customary exceptions and limitations).

The Amended Senior Secured Credit Agreement includes negative covenants that, among other things and subject to certain thresholds and exceptions, limit our ability and the ability of our restricted subsidiaries to incur debt or liens, make investments (including in the form of loans and acquisitions), merge, liquidate or dissolve, sell property and assets, including capital stock of our subsidiaries, pay dividends on our capital stock or redeem, repurchase or retire our capital stock, alter the business we conduct, amend, prepay, redeem or purchase subordinated debt, or engage in transactions with our affiliates. The Amended Senior Secured Credit Agreement also contains customary representations and warranties, affirmative covenants and events of default, subject to customary thresholds and exceptions. In addition, the Amended Senior Secured Credit Agreement contains a financial covenant for the benefit of the Revolving Credit Facility requiring us to maintain a minimum consolidated net secured leverage ratio. In addition, under the Amended Senior Secured Credit Agreement, certain defaults under agreements governing other material indebtedness could result in an event of default under the Amended Senior Secured Credit Agreement, in which case the lenders could elect to accelerate payments under the Amended Senior Secured Credit Agreement and terminate any commitments they have to provide future borrowings.

Senior Notes

On March 28, 2019, we issued \$2.0 billion aggregate principal amount of 5.5% Senior Notes due 2027 ("Senior Notes"), the proceeds of which were used to repay a portion of the outstanding Term B-3 Loan under our existing senior secured credit facilities. The Senior Notes are guaranteed, jointly and severally, by SS&C Holdings and all of its existing and future domestic restricted subsidiaries that guarantee our existing senior secured credit facilities or certain other indebtedness. The Senior Notes are unsecured senior obligations that are equal in right of payment to all of our existing and future senior unsecured indebtedness. Interest on the Senior Notes is payable on March 30 and September 30 of each year.

At any time prior to March 30, 2022, we may, at our option, redeem the Senior Notes, in whole or in part, at a price equal to 100% of the principal amount of the Senior Notes, plus an applicable "make-whole" premium, plus accrued and unpaid interest to the redemption date. At any time on or after March 30, 2022, we may redeem some or all of the Senior Notes, in whole or in part, at the redemption prices set forth in the indenture governing the Senior Notes plus accrued and unpaid interest to the redemption date. In addition, at any time on or before March 30, 2022, we may redeem up to 40% of the aggregate principal amount of the Senior Notes at a redemption price equal to 105.5% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net proceeds of one or more equity offerings.

The indenture governing the Senior Notes contains a number of covenants that restrict, subject to certain thresholds and exceptions, our ability and the ability of our domestic restricted subsidiaries to incur debt or liens, make certain investments, pay dividends, dispose of certain assets, or enter into transactions with its affiliates. Any event of default under the Amended Senior Secured Credit Agreement that leads to an acceleration of those amounts due also results in a default under the indenture governing the Senior Notes.

As of March 31, 2020, there was \$2.0 billion in principal amount of Senior Notes outstanding.

Other Indebtedness

In connection with the acquisition of DST, we assumed a mortgage, which matures in October 2020 ("U.K. Mortgage"). The outstanding amount under the U.K. Mortgage was \$21.1 million at March 31, 2020 with a fixed interest rate of 3.1%.

Covenant Compliance

Under the Revolving Credit Facility portion of the Amended Senior Secured Credit Agreement, we are required to satisfy and maintain a specified financial ratio at the end of each fiscal quarter if the sum of (i) outstanding amount of all loans under the Revolving Credit Facility and (ii) all non-cash collateralized letters of credit issued under the Revolving Credit Facility in excess of \$20 million is equal to or greater than 30% of the total commitments under the Revolving Credit Facility. Our ability to meet this financial ratio can be affected by events beyond our control, and we cannot assure you that we will meet this ratio. Any breach of this covenant could result in an event of default under the Amended Senior Secured Credit Agreement. Upon the occurrence of any event of default under the Amended Senior Secured Credit Agreement, the lenders could elect to declare all amounts outstanding under the Amended Senior Secured Credit Agreement to be immediately due and payable and terminate all commitments to extend further credit. Any default and subsequent acceleration of payments under the Amended Senior Secured Credit Agreement would have a material adverse effect on our results of operations, financial position and cash flows. Additionally, under the Amended Senior Secured Credit Agreement, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to baskets and ratios based on Consolidated EBITDA.

Consolidated EBITDA is a non-GAAP financial measure used in key financial covenants contained in the Amended Senior Secured Credit Agreement, which is the material facility supporting our capital structure and providing liquidity to our business. Consolidated EBITDA is defined as earnings before interest, taxes, depreciation and amortization (“EBITDA”), further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under the Amended Senior Secured Credit Agreement. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA is appropriate to provide additional information to investors to demonstrate compliance with the specified financial ratio and other financial condition tests contained in the Amended Senior Secured Credit Agreement.

Management uses Consolidated EBITDA to gauge the costs of our capital structure on a day-to-day basis when full financial statements are unavailable. Management further believes that providing this information allows our investors greater transparency and a better understanding of our ability to meet our debt service obligations and make capital expenditures.

Consolidated EBITDA does not represent net income or cash flow from operations as those terms are defined by generally accepted accounting principles, or GAAP, and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Further, the Amended Senior Secured Credit Agreement requires that Consolidated EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year.

Consolidated EBITDA is not a recognized measurement under GAAP and investors should not consider Consolidated EBITDA as a substitute for measures of our financial performance and liquidity as determined in accordance with GAAP, such as net income, operating income or net cash provided by operating activities. Because other companies may calculate Consolidated EBITDA differently than we do, Consolidated EBITDA may not be comparable to similarly titled measures reported by other companies. Consolidated EBITDA has other limitations as an analytical tool, when compared to the use of net income, which is the most directly comparable GAAP financial measure, including:

- Consolidated EBITDA does not reflect the significant interest expense we incur as a result of our debt leverage;
- Consolidated EBITDA does not reflect the provision of income tax expense in our various jurisdictions;
- Consolidated EBITDA does not reflect any attribution of costs to our operations related to our investments and capital expenditures through depreciation and amortization charges;
- Consolidated EBITDA does not reflect the cost of compensation we provide to our employees in the form of stock-based awards;
- Consolidated EBITDA does not reflect the equity in earnings of unconsolidated affiliates; and
- Consolidated EBITDA excludes expenses and income that are permitted to be excluded per the terms of our Amended Senior Secured Credit Agreement, but which others may believe are normal expenses for the operation of a business.

The following is a reconciliation of net income to Consolidated EBITDA as defined in our Amended Senior Secured Credit Agreement.

(in millions)	Three Months Ended March 31,		Twelve Months Ended
	2020	2019	March 31, 2020
Net income	\$ 99.2	\$ 80.8	\$ 456.9
Interest expense, net	77.4	101.6	380.8
Provision for income taxes	24.8	16.0	102.0
Depreciation and amortization	184.7	202.8	757.1
EBITDA	386.1	401.2	1,696.8
Stock-based compensation	22.5	20.4	74.5
Acquired EBITDA and cost savings (1)	(1.0)	5.8	25.1
Non-cash portion of straight-line rent expense	(0.1)	—	0.1
Loss on extinguishment of debt	2.8	7.1	2.8
Equity in earnings of unconsolidated affiliates, net	(0.7)	—	(4.4)
Purchase accounting adjustments (2)	1.8	8.0	7.8
ASC 606 adoption impact	2.3	4.2	17.0
Other (3)	48.8	2.5	53.4
Consolidated EBITDA	\$ 462.5	\$ 449.2	\$ 1,873.1

- (1) Acquired EBITDA reflects the EBITDA impact of significant businesses that were acquired during the period as if the acquisition occurred at the beginning of the period, as well as cost savings enacted in connection with acquisitions.
- (2) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisitions, (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions and (c) an adjustment to increase rent expense by the amount that would have been recognized if lease obligations were not adjusted to fair value at the date of acquisitions.
- (3) Other includes expenses and income that are permitted to be excluded per the terms of our Amended Senior Secured Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance. These include expenses and income related to foreign currency transactions, investment gains and losses, facilities and workforce restructuring, legal settlements, business acquisitions and other items.

Our covenant requirement for consolidated net secured leverage ratio and the actual ratio as of March 31, 2020 are as follows:

	Covenant Requirement	Actual Ratio
Maximum consolidated net secured leverage to Consolidated EBITDA ratio ⁽¹⁾	6.75x	2.67x

- (1) Calculated as the ratio of consolidated net secured funded indebtedness, net of cash and cash equivalents, to Consolidated EBITDA, as defined by the Amended Senior Secured Credit Agreement, for the period of four consecutive fiscal quarters ended on the measurement date. Consolidated net secured funded indebtedness is comprised of indebtedness for borrowed money, letters of credit, deferred purchase price obligations and capital lease obligations, all of which is secured by liens on our property.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires companies to measure credit losses utilizing a methodology that reflects expected credit losses and requires a consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Application of ASU 2016-13 is through a cumulative-effect adjustment to retained earnings as of the effective date. Upon adoption, ASU 2016-13 did not have a material impact on our financial position, results of operations or cash flows.

Recent Accounting Pronouncements Not Yet Effective

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. ASU 2019-12 simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for us for our first quarter of fiscal 2021. Certain amendments in this update must be applied on a prospective basis, certain

amendments must be applied on a retrospective basis and certain amendments must be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the effective date. We are currently evaluating the impact of the pending adoption of ASU 2019-12 on our Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not use derivative financial instruments for trading or speculative purposes. We have generally invested our available cash in short-term, highly liquid financial instruments, having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

Interest Rate Risk

We derive service revenues from investment earnings related to cash balances maintained in bank accounts on which we are the agent for clients. The balances maintained in the bank accounts will fluctuate. For the three months ended March 31, 2020, we had average daily cash balances of approximately \$2.4 billion maintained in such accounts. We estimate that a 100 basis point change in the interest earnings rate would equal approximately \$9.1 million of net income, net of income taxes, on an annual basis. The effect of changes in interest rates attributable to earnings derived from cash balances we hold for clients is offset by changes in interest rates on our variable debt.

At March 31, 2020, we had total variable interest rate debt of approximately \$5.3 billion. As of March 31, 2020, a 1% increase in interest rates would result in an increase in interest expense of approximately \$3.5 million per year.

Equity Price Risk

We have exposure to equity price risk as a result of our investments in equity securities. Equity price risk results from changes in the level or volatility of equity prices which affect the value of equity securities or instruments that derive their value from such securities or indexes. The fair value of our investments that are subject to equity price risk as of March 31, 2020 was approximately \$76.9 million. The impact of a 10% change in fair value of these investments would have been approximately \$5.7 million to net income, net of income taxes. Changes in equity values of our investments could have a material effect on our results of operations and our financial position.

Foreign Currency Exchange Rate Risk

During the three months ended March 31, 2020, approximately 27% of our revenues were from clients located outside the United States. A portion of the revenues from clients located outside the United States is denominated in foreign currencies, the majority being the British pound. While revenues and expenses of our foreign operations are primarily denominated in their respective local currencies, some subsidiaries do enter into certain transactions in currencies that are different from their local currency. These transactions consist primarily of cross-currency intercompany balances and trade receivables and payables. As a result of these transactions, we have exposure to changes in foreign currency exchange rates that result in foreign currency transaction gains and losses, which we report in other income (expense). These amounts were not material for the three months ended March 31, 2020. The amount of these balances can fluctuate in the future as we bill customers and buy products or services in currencies other than our functional currency, which could increase our exposure to foreign currency exchange rates. We continue to monitor our exposure to foreign exchange rates because of our acquisitions and changes in our operations. We do not enter into any market risk sensitive instruments for trading purposes.

The foregoing risk management discussion and the effect thereof are forward-looking statements. Actual results in the future may differ materially from these projected results due to actual developments in global financial markets. The analytical methods used by us to assess and minimize risk discussed above should not be considered projections of future events or losses.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2020. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required

to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2020, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information regarding certain legal proceedings in which we are involved as set forth in Note 13 – Commitments and Contingencies of the Notes to the Condensed Consolidated Financial Statements (Part I, Item 1 of this Quarterly Report on Form 10-Q) is incorporated by reference into this Item 1.

In addition, we are involved in various other legal proceedings arising in the normal course of our businesses. At this time, we do not believe any material losses under these claims to be probable. While the ultimate outcome of such legal proceedings cannot be predicted with certainty, it is in the opinion of management, after consultation with legal counsel, that the final outcome in such proceedings, in the aggregate, would not have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Item 1A. Risk Factors

Except as set forth below, as of the date of this report, there have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

The effect of the COVID-19 pandemic, or the perception of its effects, on our operations and the operations of our customers, could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

The World Health Organization has declared the outbreak of COVID-19, or coronavirus, which began in December 2019, a pandemic and the U.S. federal government has declared it a national emergency. Our business and operations could be materially and adversely affected by the effects of COVID-19. The global spread of COVID-19 has already created significant volatility, uncertainty and economic disruption in the markets in which we operate. Governments, public institutions, and other organizations in countries and localities where cases of COVID-19 have been detected are taking certain emergency measures to mitigate its spread, including implementing travel restrictions and closing factories, schools, public buildings, and businesses. While the full impact of this outbreak is not yet known, we are closely monitoring the spread of COVID-19 and continually assessing its potential effects on our business.

The extent to which our results are affected by COVID-19 will largely depend on future developments which cannot be accurately predicted, including the duration and scope of the pandemic, governmental and business responses to the pandemic and the impact on the global economy, our customers' demand for our products and services, and our ability to provide our products and services, particularly as result of our employees working remotely and/or the closure of certain offices and facilities. While these factors are uncertain, the COVID-19 pandemic or the perception of its effects could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Item 6. Exhibits

The exhibits listed in the Exhibit Index immediately preceding such exhibits are filed as part of this Report.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
10.1	First Repricing Amendment to Credit Agreement, dated as of January 31, 2020, among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C European Holdings S.a R.L, SS&C Technologies Holdings Europe S.a R.L., the Company's other subsidiaries party thereto, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and the lenders and L/C issuers party thereto (Exhibit A thereto is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on April 16, 2018 (File No. 001-34675))
31.1	Certification of the Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished and not filed for purposes of sections 11 or 12 of the Securities Act and section 18 of the Exchange Act)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Calculation Linkbase Document.*
101.LAB	XBRL Taxonomy Label Linkbase Document.*
101.PRE	XBRL Taxonomy Presentation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

SIGNATURE

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.

SS&C TECHNOLOGIES HOLDINGS, INC.

By: /s/ Patrick J. Pedonti
Patrick J. Pedonti
Senior Vice President and Chief Financial Officer
(Duly Authorized Officer, Principal Financial and Accounting
Officer)

Date: May 7, 2020

FIRST REPRICING AMENDMENT TO CREDIT AGREEMENT

This FIRST REPRICING AMENDMENT TO CREDIT AGREEMENT, dated as of January 31, 2020 (this “First Repricing Amendment”), among, SS&C Technologies, Inc., a Delaware corporation (the “Company”), SS&C European Holdings S.a r.l., a societe a responsabilite limitee organized under the laws of Luxembourg (the “Designated Borrower 1”), SS&C Technologies Holdings Europe S.a r.l., a societe a responsabilite limitee organized under the laws of Luxembourg (the “Designated Borrower 2”), SS&C Financing LLC, a Delaware limited liability company that is member managed and wholly-owned by the Designated Borrower 2 (the “Designated U.S. Co-Borrower” and, together with Designated Borrower 1 and Designated Borrower 2, each a “Designated Borrower” and, collectively the “Designated Borrowers” and the Designated Borrowers, together with the Company, the “Borrowers” and each a “Borrower”), SS&C Technologies Holdings, Inc., a Delaware corporation (the “Parent”), certain subsidiaries of the Parent as Guarantors, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and Lenders party hereto.

R E C I T A L S:

WHEREAS, the Borrowers have previously entered into that certain Amended and Restated Credit Agreement, dated as of April 16, 2018 (as modified by that certain Commitment Increase Amendment, dated as of October 1, 2018, as further modified by that certain Commitment Increase Amendment, dated as of November 16, 2018, and as it may be further amended, restated, extended, supplemented or otherwise modified through the date hereof, the “Existing Credit Agreement”), and the Existing Credit Agreement, as amended by the First Repricing Amendment, the “Amended Credit Agreement”), among, *inter alios*, the Borrowers, the Guarantors, the Administrative Agent and the lenders from time to time party thereto (the “Lenders”) (capitalized terms used but not defined herein having the meanings provided in the Amended Credit Agreement);

WHEREAS, the Borrowers desire to reduce the Applicable Rate with regards to the Term Loans;

WHEREAS, each Lender holding Term B-3 Loans, Term B-4 Loans, Term B-5 Loans, Revolving Loans and/or Revolving Commitments outstanding immediately prior to the First Repricing Amendment Effective Date (such Term B-3 Loans, Term B-4 Loans and/or Term B-5 Loans, the “Existing Term Loans”) that executes and delivers a signature page to this Amendment (each, a “Consenting Lender”) shall, upon the First Repricing Amendment Effective Date (as defined below) have consented to the amendments to the Existing Credit Agreement set forth herein and shall have agreed to be bound by the provisions hereof;

WHEREAS, the Borrowers, the undersigned Lenders and the Administrative Agent have agreed to amend the Existing Credit Agreement as hereinafter set forth;

WHEREAS, Credit Suisse Loan Funding LLC and Citi (the “Arrangers”) shall act as joint lead arrangers and book running managers with respect to this First Repricing Amendment;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments to the Existing Credit Agreement. The Company, the other Loan Parties, the Consenting Lenders and Increasing Lender party hereto and the Administrative Agent each agree that, on the First Repricing Amendment Effective Date:

- (a) Section 1.01 of the Existing Credit Agreement shall be amended by adding the following defined terms in appropriate alphabetical order:
- (i) “First Repricing Amendment” means that certain First Repricing Amendment to Credit Agreement, dated as of January 31, 2020, among the Borrowers, the Administrative Agents and Lenders party thereto.
 - (ii) “First Repricing Amendment Effective Date” means the date on which all of the conditions contained in Section 3 of the First Repricing Amendment have been satisfied or waived by the Administrative Agent.
- (b) Section 1.01 of the Existing Credit Agreement shall be amended by restating clause (d) of the definition of “Applicable Rate” as follows:
- (i) “(d) with respect to the Term B-3 Loans, Term B-4 Loans and Term B-5 Loans (i) maintained as Base Rate Loans, 0.75% per annum and (ii) maintained as Eurocurrency Rate Loans, 1.75% per annum;”
- (c) Section 2.09(b) of the Existing Credit Agreement shall be amended and restated in its entirety as follows:
- (i) “(b)Repricing Transaction. At the time of the effectiveness of any Repricing Transaction that is consummated prior to the date that is six months after the First Repricing Amendment Effective Date, the Borrowers agree to pay to the Administrative Agent, for the ratable account of each Term Lender with outstanding Term B-3 Loans, Term B-4 Loans and/or Term B-5 Loans (including each Term Lender that withholds its consent to such Repricing Transaction and is replaced as a Non-Consenting Lender under Section 11.13), a fee in an amount equal to 1.0% of (x) in the case of a Repricing Transaction of the type described in clause (a) of the definition thereof, the aggregate principal amount of all Term B-3 Loans, Term B-4 Loans and/or Term B-5 Loans prepaid in connection with such Repricing Transaction and (y) in the case of a Repricing Transaction described in clause (b) of the definition thereof, the aggregate principal amount of all Term B-3 Loans, Term B-4 Loans and/or Term B-5 Loans outstanding on such date that are subject to an effective repricing reduction pursuant to such Repricing Transaction. Such fees shall be due and payable upon the date of the effectiveness of such Repricing Transaction.”
- (d) Section 3.03 of the Existing Credit Agreement shall be amended and restated in its entirety to read as follows:
- (i) “(a)If the Required Lenders (or the Administrative Agent, in the case of clause (ii) below) determine that for any reason in connection with any request for a Eurocurrency Rate Loan or a conversion to or continuation thereof that (i) deposits (whether in Dollars or an Alternative Currency) are not being offered to banks in the applicable offshore interbank market for such currency for the applicable amount and Interest Period of such Eurocurrency Rate Loan, (ii) adequate and reasonable means do not exist for determining the Eurocurrency Rate for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan (whether denominated in Dollars or an Alternative Currency) or in connection with an existing or proposed Base Rate Loan, or (iii) the Eurocurrency Rate for any requested Interest Period with respect to an existing or proposed Eurocurrency Rate Loan or in connection with an existing or proposed Base

Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly notify the Company and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans in the affected currency or currencies shall be suspended and (y) in the event of a determination described in the preceding sentence with respect to the Eurocurrency Rate component of the Base Rate, the utilization of the Eurocurrency Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice (which revocation the Administrative Agent agrees to give promptly upon receipt of such instruction). Upon receipt of such notice, the Company may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans in the affected currency or currencies or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans (which shall be calculated in accordance with clause (y) of the immediately preceding sentence, if applicable) in the amount specified therein to the extent available (or, in the case of a pending request for a Loan denominated in an Alternative Currency, the Company and the Lenders may establish a mutually acceptable alternative rate).

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a) of this Section 3.03 have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a) of this Section 3.03 have not arisen but (w) the supervisor for the administrator of the Eurocurrency Rate has made a public statement that the administrator of the Eurocurrency Rate is insolvent (and there is no successor administrator that will continue publication of the Eurocurrency Rate), (x) the administrator of the Eurocurrency Rate has made a public statement identifying a specific date after which the Eurocurrency Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Eurocurrency Rate), (y) the supervisor for the administrator of the Eurocurrency Rate has made a public statement identifying a specific date after which the Eurocurrency Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Eurocurrency Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Eurocurrency Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrowers shall endeavor to establish an alternate rate of interest to the Eurocurrency Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Rate). Notwithstanding anything to the contrary in Section 11.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this Section 3.03(b), (x) any request for a Borrowing of, conversion to or continuation of, Eurocurrency Rate Loans shall be ineffective and (y) any request for Eurocurrency Rate Loans, shall be made as a Base Rate Loans. Notwithstanding anything contained herein to the contrary, if such alternate rate of interest as determined

in this paragraph is determined to be less than 0% per annum, such rate shall be deemed to be 0% percent per annum for the purposes of this Agreement.”

(e) Section 8.06(c) of the Existing Credit Agreement shall be amended and restated in its entirety to read as follows

(i) “the Parent may declare and make annual cash dividend payments to its shareholders of up to \$0.70 per share (as adjusted so that the aggregate amount payable pursuant to this clause (c) is not increased or decreased solely as a result of any stock split, reverse stock split, stock dividend or similar reclassification occurring after the First Repricing Amendment Effective Date); provided, that the declaration and payment of cash dividends pursuant to this clause (c) shall not exceed \$0.125 per share in the aggregate if an Event of Default shall have occurred and be continuing or would occur as a consequence thereof;”

(f) The Existing Credit Agreement shall be amended by adding a new Section 11.25 to read as follows:

(i) “Acknowledgement Regarding Any Supported QFCs

. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any swap obligations or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the Laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the Laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the Laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 11.25, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).”

2. Agreements of Consenting Lenders. With regards solely to the Term B-3 Loans, Term B-4 Loans and/or Term B-5 Loans, each Consenting Lender that elects the “Consent and Continue (Cashless Amendment)” option on the signature page will retain its Existing Term Loans. With regards solely to the Term B-3 Loans, Term B-4 Loans and/or Term B-5 Loans, each Lender holding Existing Term Loans that does not execute and deliver a signature page hereto (each, a “Non-Consenting Lender”) shall be deemed to have assigned the entire amount of its Existing Term Loans to Credit Suisse AG, Cayman Islands Branch (in such capacity, the “Increasing Lender”) in accordance with the provisions of Section 11.13 of the Credit Agreement. The Increasing Lender, by executing a signature page hereto, shall be a “Lender” for all purposes under the Amended Credit Agreement for so long as it has Term B-3 Loans, Term B-4 Loans and Term B-5 Loans

3. Conditions to Effectiveness and Availability. Notwithstanding anything to the contrary set forth herein or in the Existing Credit Agreement, the effectiveness of this Agreement is subject to the satisfaction of the following conditions (the first date on which each such condition has been satisfied, the “First Repricing Amendment Effective Date”):

(a) The due execution and delivery of this Agreement by the Company, the other Loan Parties, the Administrative Agent, the Consenting Lenders and the Increasing Lender (constituting the Required Lenders).

(b) Receipt by the Administrative Agent of a legal opinion of Simpson Thacher & Bartlett LLP, New York counsel to Loan Parties, addressed to the Administrative Agent, each L/C Issuer, each Consenting Lender and the Increasing Lender, dated as of the First Repricing Amendment Effective Date, and in form and substance reasonably satisfactory to the Administrative Agent.

(c) After giving effect to this First Repricing Amendment and the transactions contemplated hereby, the representations and warranties of each Loan Party contained in Article VI of the Credit Agreement or any other Loan Document shall be true and correct in all material respects (except when qualified by materiality, in which case they shall be true and correct in all respects) on and as of the First Repricing Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date in all material respects (except when qualified by materiality, in which case they shall be true and correct in all respects) and no Default or Event of Default shall have occurred and be continuing;

- (d) To the extent invoiced at least three Business Days, or such shorter time to be mutually agreed, prior to the First Repricing Amendment Effective Date, all costs, fees, expenses (including, without limitation, legal fees and expenses) and other compensation contemplated by the Engagement Letter, dated as of January 22, 2020, among the Company and the Arrangers or as otherwise agreed by the parties thereto, payable to each Arranger and the Lenders shall have been paid to the extent due.
4. Representations and Warranties. To induce the other parties hereto to enter into this First Repricing Amendment and the Amended Credit Agreement, each of the Borrowers and each other Loan Party hereto hereby represents and warrants to each other party hereto that:
- (a) each Loan Party party hereto has the corporate or other power and authority to make, deliver and perform this First Repricing Amendment. Each Loan Party party hereto has taken all necessary corporate or other action to authorize the execution, delivery and performance of this First Repricing Amendment. This First Repricing Amendment has been duly executed and delivered by each Loan Party that is a party thereto. This First Repricing Amendment constitutes a legal, valid and binding obligation of each Loan Party that is a party thereto, enforceable against each such Loan Party in accordance with its terms except as may be limited by applicable Debtor Relief Laws, concepts of reasonableness and general principles of equity;
- (b) the representations and warranties of each Loan Party contained in Article VI of the Credit Agreement or any other Loan Document shall be true and correct in all material respects (except when qualified by materiality, in which case they shall be true and correct in all respects) on and as of the First Repricing Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date in all material respects (except when qualified by materiality, in which case they shall be true and correct in all respects); and
- (c) both immediately before and after giving effect to this First Repricing Amendment, no Default or Event of Default shall have occurred and be continuing.
5. Effect of Amendment. Except as expressly set forth in this Agreement or in the Amended Credit Agreement, this Agreement shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Existing Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement or any other provision of the Existing Credit Agreement or of any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Without limiting the generality of the foregoing, the Collateral Documents and all of the Collateral described therein do and shall continue to secure the payment of all Obligations or Foreign Obligations (as applicable) of the applicable Loan Parties under the Loan Documents, in each case, as amended by this Agreement. Nothing herein shall be deemed to entitle the Borrowers to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement or any other Loan Document in similar or different circumstances.

On and after the First Repricing Amendment Effective Date, each reference in the Existing Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import, and each reference to the “Credit Agreement” in any other Loan Document, in each case shall be deemed a reference to the Amended Credit Agreement. This Agreement shall constitute a “Loan Document” for all purposes of the Amended Credit Agreement and the other Loan Documents.

The parties hereto confirm that no novation of any kind has occurred as a result of, or in connection with, this Agreement or otherwise, any such novation being hereby expressly disclaimed.

6. Amendment, Modification and Waiver. This Agreement may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto.

7. Reaffirmation

. By executing and delivering a counterpart hereof, (i) each Borrower and each Guarantor hereby agrees that all Loans incurred by the applicable Borrowers shall be guaranteed by the applicable Guarantors pursuant to the Guaranty set forth at Article IV of the Amended Credit Agreement in accordance with the terms and provisions thereof and shall be secured pursuant to the Collateral Documents in accordance with the terms and provisions thereof and (ii) each Borrower and each other Loan Party hereby (A) agrees that, notwithstanding the effectiveness of this Agreement, after giving effect to this Agreement, the Collateral Documents continue to be in full force and effect and (B) affirms and confirms all of its obligations and liabilities under the Existing Credit Agreement and each other Loan Document, in each case after giving effect to this Agreement, including, with respect to the Guarantors, the guaranty of the Obligations or Foreign Obligations (as applicable) by each Guarantor and, with respect to each Loan Party, the pledge of and/or grant of a security interest in its assets as Collateral pursuant to the Collateral Documents to secure such Obligations or Foreign Obligations (as applicable), and acknowledges and agrees that such obligations, liabilities, guarantee, pledge and grant continue in full force and effect in respect of, and to secure, such Obligations or Foreign Obligations (as applicable) under the Existing Credit Agreement and the other Loan Documents, in each case after giving effect to this Agreement.

8. Entire Agreement. This Agreement, the Amended Credit Agreement and the other Loan Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

9. GOVERNING LAW; JURISDICTION; ETC. SECTION 11.14 OF THE AMENDED CREDIT AGREEMENT IS HEREBY INCORPORATED BY REFERENCE INTO THIS AGREEMENT AND SHALL APPLY TO THIS AGREEMENT, MUTATIS MUTANDIS.

10. WAIVERS OF JURY TRIAL. SECTION 11.15 OF THE AMENDED CREDIT AGREEMENT IS HEREBY INCORPORATED BY REFERENCE INTO THIS AGREEMENT AND SHALL APPLY TO THIS AGREEMENT, MUTATIS MUTANDIS.

11. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

12. Counterparts. This Agreement may be executed in any number of counterparts and by the various parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one contract. Delivery of an executed counterpart of this Agreement by telecopier or other secure electronic format (including .pdf format) shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement shall constitute a "Loan Document" for purposes of the Amended Credit Agreement.

The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other state laws based on the Uniform Electronic Transactions Act, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each of the undersigned has caused its duly Authorized Officer to execute and deliver this Agreement as of the date first set forth above.

SS&C TECHNOLOGIES, INC., as a Borrower

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Senior Vice President
and Chief Financial Officer

SS&C TECHNOLOGIES HOLDINGS EUROPE, as a Borrower *

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Type A Manager

By: /s/ Marjorie Allo
Name: Marjorie Allo
Title: Type B Manager

SS&C EUROPEAN HOLDINGS, as a Borrower **

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Type A Manager

By: /s/ Marjorie Allo
Name: Marjorie Allo
Title: Type B Manager

* Société à responsabilité limitée
Registered office: 2, rue Jean Monnet, L-2180
Luxembourg
RCS Luxembourg: B 173925

** Société à responsabilité limitée
Registered office: 2, rue Jean Monnet, L-2180
Luxembourg
RCS Luxembourg : B 163061

[Signature Page to First Repricing Amendment]

SS&C FINANCING LLC, as a Borrower

By: SS&C TECHNOLOGIES HOLDINGS EUROPE S.À.R.L., its sole member *

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Type A Manager

By: /s/ Marjorie Allo
Name: Marjorie Allo
Title: Type B Manager

SS&C TECHNOLOGIES HOLDINGS, INC.,
as Parent and a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Senior Vice President, Chief
Financial Officer and Treasurer

ADVENT SOFTWARE, INC., as a Guarantor **

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Vice President and Treasurer

* Société à responsabilité limitée
Registered office: 2, rue Jean Monnet, L-2180
Luxembourg
RCS Luxembourg: B 173925

** Société à responsabilité limitée
Registered office: 2, rue Jean Monnet, L-2180
Luxembourg

RCS Luxembourg : B 198391

[Signature Page to First Repricing Amendment]

SS&C FINANCIAL SERVICES LLC, as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Member of the Management
Committee

FINANCIAL MODELS COMPANY LTD., as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Vice President and Treasurer

HUB DATA INCORPORATED, as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Vice President and Treasurer

SS&C TECHNOLOGIES CONNECTICUT, LLC, as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Senior Vice President

SS&C SOLUTIONS LIMITED, as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Director

ADVENT SOFTWARE LUXEMBOURG, as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Type A Manager

By: /s/ Marjorie Allo
Name: Marjorie Allo
Title: Type B Manager

SS&C TECHNOLOGIES CANADA CORP., as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Director and Senior Vice President

GLOBEOP FINANCIAL SERVICES (SWITZERLAND) GMBH,
as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Managing Officer

FINANCIAL MODELS CORPORATION LIMITED, as a
Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Director

SS&C FINANCIAL SERVICES LIMITED, as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Director

EZE CASTLE SOFTWARE LLC, as a Guarantor

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Vice President and Treasurer

[Signature Page to First Repricing Amendment]

DST SYSTEMS, INC., as a Guarantor

By: /s/ Patrick J. Pedonti

Name: Patrick J. Pedonti

Title: Executive Vice President and
Treasurer

DST PHARMACY SOLUTIONS, INC., as a Guarantor

By: /s/ Patrick J. Pedonti

Name: Patrick J. Pedonti

Title: Senior Vice President and Treasurer

DST HEALTHCARE HOLDINGS, INC., as a Guarantor

By: /s/ Patrick J. Pedonti

Name: Patrick J. Pedonti

Title: Vice President and Treasurer

DST ASSET MANAGER SOLUTIONS, INC., as a Guarantor

By: /s/ Patrick J. Pedonti

Name: Patrick J. Pedonti

Title: Vice President and Treasurer

WEST SIDE INVESTMENT MANAGEMENT, INC., as a
Guarantor

By: /s/ Patrick J. Pedonti

Name: Patrick J. Pedonti

Title: Vice President and Treasurer

[Signature Page to First Repricing Amendment]

INTRALINKS, INC.

By: /s/ Patrick J. Pedonti
Name: Patrick J. Pedonti
Title: Vice President and Treasurer

[Signature Page to First Repricing Amendment]

CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, as Administrative Agent, Revolving
Lender and the Increasing Lender

By: /s/ Vipul Dhadha
Name: Vipul Dhadha
Title: Authorized Signatory

By: /s/ Brady Bingham
Name: Brady Bingham
Title: Authorized Signatory

[Signature Page to First Repricing Amendment]

Repricing Lenders, Revolving Lenders and Increasing Lender signature pages on file with the Administrative Agent

[Signature Page to First Repricing Amendment]

CERTIFICATION

I, William C. Stone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SS&C Technologies Holdings, 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: May 7, 2020

/s/ William C. Stone

William C. Stone
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Patrick J. Pedonti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SS&C Technologies Holdings, 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: May 7, 2020

/s/ Patrick J. Pedonti

Patrick J. Pedonti
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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

In connection with the quarterly report on Form 10-Q of SS&C Technologies Holdings, Inc. (the "Company") for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers of the Company hereby certify to their knowledge, pursuant to 18 U.S.C. Section 1350, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2020

By: /s/ William C. Stone
William C. Stone
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: May 7, 2020

By: /s/ Patrick J. Pedonti
Patrick J. Pedonti
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)