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Top Skills

FICC

Collateral Management

Liquidity Risk Management

Stephen Nurse

Derivative Counterparty (XVA) | Clearing & CCP Risk Committee Member | Regulatory Capital Expert
London, England, United Kingdom

Summary

Highly experienced derivative risk manager, with extensive experience trading large complex derivative books, combined with unrivalled experience of managing the contingent derivative risks (XVAs), amassed in the industry's largest derivative franchise.

I have extensive experience in driving the “re-engineering” of a large derivative franchise to compute and risk-manage the new suite of contingent risks (i.e. CVA, FVA, KVA) and respond to regulatory changes affecting capital, liquidity and the requirement to clear.

As an industry expert I am active in various global forums (i.e. ISDA, FIA, and Risk Committees of various CCPs), on issues regarding the rapidly evolving risk-management and regulatory requirements for capital, liquidity, funding, margin and the clearing requirements as well as the risk of being a member on an exchange.

Experience

J.P. Morgan

29 years 4 months

Global Head of Risk and Capital for the Clearing and FnO business
March 2016 - December 2022 (6 years 10 months)

London

In 2016, I was invited to establish a new team within the Clearing and F&O business to introduce front-office trading floor risk-management and pricing discipline to this “agency” business.

The role required a complete redesign of the risk and capital infrastructure, and a radical overhaul of the firm's approach to client pricing and risk return. Since 2016, the revenue of the Clearing business has more than doubled whilst the capital, GSIB and residual interest footprint have been reduced. JPMorgan has risen from #4 rankings to the #1, but not at the expense of RoE

or risk discipline. My team was cited as a major reason for JPMorgan winning the Risk award for best OTC Client Clearer in 2019 and 2021.

In addition to my role managing the risk at JPMorgan, I am a vocal member of the Risk Committee at a number of the major CCPs and am an active contributor to the ISDA/FIA forums debating the risk management practises at CCPs.

I have represented JPMorgan, and the industry, to the US and UK regulators on matters regarding the risk and resiliency of the CCPs most notably following JPMorgan's co-authoring a white paper (commented on in the FT) as well as other initiatives around bilateral and cleared derivatives.

FVA & KVA

January 2012 - March 2016 (4 years 3 months)

Forefront of the team implementing funding adjustments (FVA) and lifetime cost of capital (KVA) for derivative franchise, across all lines of businesses globally. This was a significant strategic change that had a material impact on the firm (\$1.5bn P&L adjustment) and was influenced the direction of the derivative franchise worldwide, not just at JPMorgan but across the industry as a whole.

I was the lead member of JPMorgan's response team to the Non-Cleared Margin rule, and new capital metrics such as SLR, LCR & NSFR and was a co-chair of the ISDA Collateral committee.

OIS Discounting

January 2009 - January 2012 (3 years 1 month)

Founding member of the Differential Discounting (DD) desk, responsible for the introduction of single & multi-currency OIS discounting for collateralised derivatives across all lines of business globally.

The DD desk is a highly complex, high volume global trading book, managing the funding risks of over 3 million trades. It is organised as a centralised firm-wide utility, concentrating the CSA funding expertise and enabling the capture of netting benefits across all lines of business and regions.

Led the initial development of all aspects of the firm's approach to the management of this newly recognised risk from conception to setting firm-wide policies on the capture, risk-management (trading currency basis and Libor--OIS) and revenue attribution across lines of business, through to the ultimate

disaggregation and trading out of the component risk positions. Undoubtedly one of the most complex trading books in the world in any bank.

I oversaw the technology infrastructure to manage the implementation, including the identification of all the relevant economic, legal, and regulatory factors of each CSA that govern the funding value

Hedge Fund - Levered US Muni Bonds Hedge Fund January 2003 - January 2009 (6 years 1 month)

Responsible for the structuring and distribution of an innovative hedge fund specializing in levered US municipal bond risk, working with an external fund manager. Led the investor education efforts in Europe and Asia introducing this asset class to non-US investors for the first time.

During the crisis of February 2008, raised \$500m of equity overnight following the unprecedented market sell-off, and restructured the fund (over the weekend) to avoid a forced liquidation. This action successfully rebutted speculation of an imminent deleveraging trigger in the largest levered muni bond fund, and restored more normal trading activity, reversing investor losses.

First CVA trader January 1999 - January 2003 (4 years 1 month)

Founding member of a newly formed trading team mandated to implement CVA, and first CVA trader in the industry. Tasked with defining the philosophy and implementing systems to mark-to-market and manage derivative counterparty risk. The 2001 merger with Chase presented the additional challenge of integrating the best practises of an accrual accounted commercial bank with those of an investment bank.

In 2002, introduced senior management to the concept of differential discounting and techniques to optimise for collateral funding, which would ultimately become the OIS discounting desk. Executed a series of unwinds and assignments to explicitly capture collateral funding value 10 years before this was industry practise.

Derivatives Trader January 1996 - January 1999 (3 years 1 month)

Swaps trading team: Mastered the core trading skills working on a high flow desk, executing vanilla and semi-exotic interest rate swaps, swaptions and options associated with new issues and inter-bank market. The typical clients

covered were the frequent issuers such as the supra-nationals and central banks.

The role evolved to include larger portfolio trades, such as book by-outs and complex securitisations. Notable transactions include the first RMBS transactions for Abbey National (Holmes I & II), Northern Rock (Granite I, II and III), and Paragon (PM I and II), and the securitisation of Polish Paris Club receivables (WSJ article) for the Republic of France immediately prior to the Euro launch.

Graduate Analyst

September 1993 - January 1996 (2 years 5 months)

London, England, United Kingdom

Graduate rotation program - IT, M&A, Debt Capital Markets

Education

University of Bristol

Bachelor of Science - BS, Medical Science · (September 1989 - July 1993)

Worth School, Sussex

· (1984 - 1989)