

Dated: 12 December 2025

INVESTIGATION INTO ALLEGATIONS ABOUT THE CONDUCT OF THE CHAIR OF THE FINANCIAL MARKETS AUTHORITY

TERMS OF REFERENCE

PURPOSE

1. The purpose of the investigation is to establish:
 - a. Whether there is substance to allegations that have been made to the Minister of Commerce and Consumer Affairs (**the Minister**) and the Ministry of Business, Innovation & Employment (**the Ministry**) about the conduct of the Chair of the Financial Markets Authority (**the FMA**), Mr Craig Stobo; and
 - b. If so, whether, in the investigator's opinion, there is just cause, such that the Minister might advise the Governor-General to remove Mr Stobo from the Board of the FMA under section 39 of the Crown Entities Act 2004.

CONTEXT

2. The FMA is established under the Financial Markets Authority Act 2011 to carry out a range of functions specified in section 9 of that Act. Members of the FMA are appointed by the Governor-General on the recommendation of the Minister.
3. Members may be removed by the Governor-General for just cause, on the advice of the Minister given after consultation with the Attorney-General. Section 40 of the Crown Entities Act provides that "just cause" includes misconduct, inability to perform the functions of office, neglect of duty, and breach of any of the collective duties of the relevant board or the individual duties of members (depending on the seriousness of the breach).
4. The Public Service Commissioner has issued a Code of Conduct for Crown Entity board members under section 17(3) of the Public Service Act 2020 (**the Code of Conduct**). The Code of Conduct sets out minimum standards of integrity and conduct and applies to members of the FMA.



THE ALLEGATIONS

5. On the 2nd of December 2025, three members of the FMA Board met with the Minister and outlined a range of concerns they say the Board has with the conduct of Mr Stobo. Those members later met with MBIE and the Public Service Commission and outlined the concerns they had raised with the Minister, including:
 - a. That Mr Stobo had not met the code of conduct obligations for board members regarding the conduct and disclosure of any engagement and relationship with staff members (professional or otherwise) and managing the consequences of that engagement. In particular, the board became aware of potential allegations of Mr Stobo's involvement in an engagement between a former staff member and a current staff member that, if true, would be highly concerning.
 - b. Mr Stobo's continued role as an independent director of Indi, a digital mortgage company that other members of the FMA Board saw as a clear conflict with his FMA role. When raised with him, Mr Stobo has indicated that he would step down from the Indi role on several occasions. However, this has not occurred, and the Board considers he has acted too slowly to resolve the conflict. There are also questions whether Mr Stobo had appropriately managed the conflict in the intervening period.
 - c. Concerns that Mr Stobo is not maintaining sufficient separation between his role as Chair of the FMA and his private activities and views in a manner that is consistent with the Code of Conduct, potentially impacting on public perceptions of independence and impartiality.
6. On 4 December 2025, the acting Chief Executive of MBIE met with Mr Stobo and outlined the concerns set out at paragraph 5. Mr Stobo was advised that the Minister had requested that MBIE commission an independent investigation into the allegations. At this meeting, Mr Stobo agreed to stand down as Chair of the FMA while the investigation is carried out.

SCOPE OF INVESTIGATION

7. The investigator:



- a. Will investigate the allegations made by the FMA Board members set out in paragraph 5 above and report to Chief Executive of MBIE on the matters set out in paragraph 1 a. and b. above; and
 - b. Report to the Chief Executive of MBIE on any other related matters that the investigator considers appropriate as being relevant to the purposes and scope of the investigation.
8. Any matter relating to the employment of any person at the FMA is out of scope for this investigation.

PROCESS FOR THE INVESTIGATION

9. The FMA will provide the investigator with copies of all documentation relevant to the investigation.
10. The investigator will conduct the investigation in accordance with the principles of natural justice, and will:
- a. Determine the procedure to be followed in investigating the complaint;
 - b. Carry out the investigation independently, impartially and fairly;
 - c. Provide a reasonable opportunity for all Board members and members of the FMA Executive Leadership Team, along with Mr Stobo to be interviewed in relation to the matters in paragraph 1a. and b.;
 - d. Engage with any other persons the investigator considers have information relevant to the matters in paragraph 1a. and 1b.; and
 - e. Have regard to the Public Service Commission Code of Conduct for Board Members and the Crown Entities Act in making findings in relation to the matters in paragraph 1 a. and 1b.
11. Interviews may be conducted in person, by telephone or by audio-visual link at the discretion of the investigator. Any person interviewed by the investigator may be accompanied by a support person or legal adviser during the interview. Any such support



person or legal adviser shall be subject to conditions of confidentiality as to the content and subject matter of the interview.

12. Prior to seeking information from or interviewing any witness, the investigator may provide the witness with a copy of these terms of reference or relevant parts of them. At any time, the investigator may provide any witness with such other information related to the purposes and scope of the investigation as the investigator considers necessary or appropriate to assist the investigation.
13. The investigation report shall be prepared with a view to maintaining confidentiality as to the identity of all persons interviewed.
14. The investigator shall report to the Ministry as soon as is reasonably practicable, consistently with the principles of natural justice and the process for the investigation but, in any event not later than 16 March 2026 or such later date as may be approved by the Ministry at the request of the investigator.

