

SUBJECT: Regulatory Impact Analysis: Market Conduct Rules, 2026

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Table of Contents

1. Introduction	2
2. Phase I. Description of the Problem	3
2.1. Key Problem Areas	4
3. Phase II. Policy Objective.....	5
4. Phase III: Assessed Options and Evaluation	6
4.1. Option 1: Maintain the Status Quo	6
4.2. Option 2: Enactment of the Market Conduct Rules, 2026.....	7
5. Phase IV: Legal Authority for the Development of these Rules	8
6. Phase V: Groups likely to be affected by this Policy Option – Enactment of the Market Conduct Rules, 2026	10
7. Phase VI: Enforcement strategy for ensuring compliance	11
8. Phase VII. Impact Analysis by the Authority - LEASE Analysis: Market Conduct Guidelines, 2026	13
8.1. Legal Impact.....	13
8.2. Economic Impact	13
8.3. Administrative Impact.....	14
8.4. Social Impact	15
8.5. Environmental Impact.....	15
9. Phase VIII Consultation with Industry	16
Annexure 1: Impact Assessment by Stakeholder.....	17

1. Introduction¹

Market Conduct regulation has become an increasingly critical component of financial sector supervision, aimed at promoting fairness, transparency, integrity, and consumer protection in their interactions with financial institutions. In Eswatini, the non-bank financial services sector has experienced significant growth, driven by increased consumer participation, product innovation, and the emergence of diverse financial service providers. However, this expansion has not been matched by an equally comprehensive and harmonised regulatory framework governing market conduct. As a result, the financial sector continues to operate under a fragmented system characterised by gaps in disclosure requirements, inconsistent standards for consumer protection, and limited clarity on the responsibilities of financial services providers across the product lifecycle.

While the applicable laws provide a broad framework for financial sector regulation, they do not comprehensively address detailed market conduct obligations relating to disclosure, conflicts of interest, fair treatment of clients, sustainability of products, transparency in pricing, complaints handling, and the prevention of misconduct. As a result, the existing regulatory landscape is characterised by gaps and inconsistencies, which may lead to uneven practices across the sector and expose customers to risks such as mis-selling, inadequate disclosure, and unfair treatment.

The absence of clear and harmonised Market Conduct Rules also creates regulatory uncertainty for financial services providers, limiting their ability to align internal policies, governance structures, and customer engagement practices with well-defined standards and international best practices. This uncertainty may erode consumer confidence, erode trust in financial institutions, and hinder the development of a fair and resilient financial system.

Section 46 of the FSRA Act, 2010 lays the foundation for market conduct regulation by establishing key principles that regulated entities must observe in their dealings with consumers, including fair treatment, transparency, ethical conduct, and the responsible provision of financial products and services. Based on these statutory principles, the Market Conduct Rules, 2026, aim to establish a comprehensive and enforceable framework applicable to all non-bank financial services providers. The Rules give practical effect to the market conduct principles set out in section 46 and are intended to set clear expectations relating to governance, fair treatment of consumers, transparency, sustainability of products, complaints handling, and ethical business conduct across all regulated sectors.

This Regulatory Impact Analysis (RIA) evaluates the regulatory gaps currently present in the financial sector, examines policy options available to address these gaps, and assesses the likely legal, economic, administrative, and social impacts of implementing the Market Conduct Rules, 2026.

¹ Market Conduct Rules Policy Proposal and Inter-Country Analysis, 2026

2. Phase I. Description of the Problem

The non-bank financial services sector in Eswatini currently operates within a regulatory environment that is fragmented and largely reactive, resulting in inconsistent standards of conduct and uneven levels of consumer protection. Existing legal and regulatory instruments provide only broad guidance and do not sufficiently address detailed obligations relating to disclosure, suitability, governance, and fair treatment of consumers. This has created an environment in which financial institutions apply differing conduct standards across products and sectors, leading to regulatory arbitrage and exposing consumers to varying levels of risk depending on the financial services they access.

A key manifestation of these deficiencies is the persistence of mis-selling practices and inadequate suitability assessments of the financial products and services. The risks arising from such practices were illustrated in *ESW Investment Group Limited v Dlamini* (54 of 2021) [2022] SZSC 32 (3 August 2022), which highlighted the vulnerability of consumers in financial transactions and the significant prejudice that may result where financial products are marketed or sold without adequate regard to the consumer's circumstances. In many instances, financial products and services are offered to consumers without proper consideration of their financial needs, risk tolerance, or financial capacity, resulting in the sale of inappropriate or unsuitable products. This problem is further compounded by inadequate disclosure practices, where important information relating to costs, risks, obligations, and product features is either insufficient or not communicated clearly and understandably to consumers, thereby impairing the ability of consumers to make informed financial decisions. The absence of consistent and enforceable market conduct standards has contributed to these shortcomings and underscores the need for a comprehensive regulatory framework to promote fair treatment of financial consumers.

In addition, governance and oversight frameworks within financial services providers are often inadequate to ensure effective monitoring of market conduct risks. Although the role of boards and senior management is recognised, there is limited regulatory guidance requiring them to embed consumer protection and ethical conduct into business strategies and operational processes. The absence of clear accountability structures contributes to systemic weaknesses in managing conduct risks and responding to consumer complaints.

Consumers continue to face recurring issues such as delays in claims settlement, opaque fee structures, unfair contractual terms, and ineffective complaints handling mechanisms. These issues demonstrate that market conduct failures are not isolated incidents, but rather indicative of broader systemic weaknesses in the regulatory framework. Furthermore, the supervisory approach remains largely reactive, relying heavily on complaints-driven interventions rather than proactive monitoring and early risk detection. At the same time, the rapid evolution of the financial sector, including the introduction of more complex and innovative financial products and delivery channels, has created regulatory gaps that are not adequately addressed under the current framework. Without comprehensive and harmonised Market Conduct Rules, these gaps

are likely to widen, increasing the risk of consumer harm and undermining confidence in the financial system.

2.1. Key Problem Areas

- a. Inconsistent Application of Conduct Standards: Financial institutions apply market conduct standards unevenly across products, services, and sectors, particularly in areas such as disclosure, transparency, and fair customer treatment. The absence of harmonised requirements leads to varying levels of consumer protection and creates opportunities for regulatory arbitrage. As a result, consumers are exposed to inconsistent standards of information quality and protection, undermining fairness and confidence in the financial system.
- b. Mis-selling and weak suitability practices: There are persistent deficiencies in the assessment of customer needs, risk profiles, and financial objectives at the point of sale, resulting in widespread mis-selling of unsuitable or inappropriate products. These deficiencies are often compounded by inadequate disclosure practices, particularly for complex or bundled financial products, where critical information on features, costs, and risks is not clearly communicated. The lack of clear and standardised conduct requirements exacerbates consumer protection risks, as disclosure obligations vary across institutions and products, leading to inconsistent, incomplete, or misleading information being provided to consumers.
- c. Weak oversight of intermediaries and Agents: Oversight of intermediaries and agents remains fragmented and insufficiently robust, resulting in inconsistent conduct practices at the distribution level. This includes variations in how financial products are marketed, explained, and sold, which undermines the fair treatment of customers and increases the risk of mis-selling. Financial institutions often lack adequate monitoring and control mechanisms to ensure that their representatives adhere to appropriate conduct standards.
- d. Persistent Patterns of Consumer Harm: Recurring consumer complaints, including delayed payments, opaque fee structures, mis-sold products, and disputed claims, reflect systemic conduct failures rather than isolated incidents. These patterns indicate underlying weaknesses in governance frameworks, product design processes, disclosure practices, and customer-centric business models.
- e. Predominantly reactive supervision: The current supervisory framework is largely reactive, relying heavily on complaints-based monitoring and ex-post enforcement actions. This limits the Authority's ability to identify emerging risks, intervene early, and prevent consumer harm before it occurs. A lack of proactive, risk-based supervision reduces overall regulatory effectiveness in addressing market conduct issues.
- f. Regulatory gaps from market evolution: Existing conduct frameworks have not kept pace with the rapid evolution of financial products, services, and delivery channels, resulting in significant regulatory gaps. These gaps are particularly evident in areas such as product governance, disclosure standards, digital financial services, and conduct risk management. The absence of updated, fit-for-purpose regulatory provisions exposes consumers to heightened risks and constrains effective supervisory intervention. Addressing these gaps is essential to ensure that the regulatory framework remains

responsive, technology-neutral, and capable of safeguarding consumer protection and market integrity in an evolving financial landscape.

3. Phase II. Policy Objective

The primary objective of the Market Conduct Rules, 2026, is to establish a coherent, comprehensive, and principles-based regulatory framework that promotes the fair treatment of consumers and ensures consistent conduct standards across the financial sector. The Rules further seek to address the identified gaps by introducing clear obligations for financial services providers throughout the entire product lifecycle, from design and marketing to post sale servicing and complaints resolution.

More specifically, the Rules aim to enhance the quality and consistency of consumer protection by requiring financial services providers to design products that are appropriate for target markets, provide clear and transparent disclosures, and ensure that advice and recommendations are suitable for each consumer. The Rules also seek to strengthen governance and accountability by assigning explicit responsibilities to boards of directors and senior management for overseeing market conduct and embedding a culture of fair treatment within their organisations.

In addition, the Rules are intended to improve regulatory oversight by enabling the Authority to adopt a more proactive, risk-based supervisory approach supported by better data collection, monitoring, and reporting mechanisms. By fostering transparency, fairness, and accountability, the Rules contribute to enhancing trust and confidence in the financial system, while also supporting financial inclusion and promoting sustainable market development. Specifically, the Rules aim to achieve the following objectives:

- a. Establish a coherent, principles-based regulatory framework: grounded in treating customers fairly, promoting consistent standards of fairness, transparency, accountability, and ethical conduct across financial institutions;
- b. Enhance consumer protection and fair customer outcomes: by addressing regulatory gaps and inconsistencies in the design, marketing, distribution, and administration of financial products and services across the entire product lifecycle;
- c. Enable effective, risk-based and outcomes-focused supervision: by equipping the Authority with appropriate regulatory tools, data mechanisms, and early intervention capabilities to proactively manage conduct-related risks;
- d. Strengthen the integrity, efficiency, and public confidence in the financial system: by reducing recurring sources of consumer harm and promoting responsible business conduct;
- e. Ensure financial institutions embed fair customer treatment: at the centre of product governance, sale practices, customer engagement, complaints handling, and post sale servicing;

- f. Promote a balanced regulatory environment: that supports both robust consumer protection and responsible financial innovation, while remaining responsive to market developments, technological change, and evolving risks;
- g. Align the regulatory framework with international best practices: in market conduct supervision and consumer protection.

In essence, the Rules aim to establish a strong, evidence-based, and practical regulatory framework that will enable consistent conduct standards, improve regulatory effectiveness, and deliver fair outcomes for consumers across Eswatini's non-bank financial services sector.

4. Phase III: Assessed Options and Evaluation

In addressing the challenges identified in Phase I, the Authority has considered several regulatory approaches to address the gaps in exchange-traded funds. The assessment focuses on balancing effectiveness, proportionality, and investor protection, while maintaining financial stability and market confidence. Two policy pathways were considered:

4.1. Option 1: Maintain the Status Quo

Under this option, the Authority would maintain the status quo by not introducing a dedicated and comprehensive Market Conduct Rules. Instead, the current fragmented regulatory framework would remain in place, continuing to rely on a combination of existing laws, guidelines, and supervisory practices. While this option would avoid immediate compliance costs and regulatory adjustments for financial services providers, it would fail to address the systemic weaknesses identified in the current framework. The persistence of inconsistent standards, weak consumer protection, and regulatory gaps would continue to expose consumers to harm and undermine confidence in the financial sector.

The primary appeal of maintaining the status quo lies in its perceived simplicity and flexibility. By avoiding new regulatory requirements, the Authority would not incur administrative and financial costs associated with drafting, consulting on, and implementing a comprehensive Market Conduct Framework. This option allows the Authority to retain flexibility in addressing market conduct-related matters on a case-by-case basis. From a compliance perspective, financial services providers would not be burdened with additional obligations that formal Market Conduct Rules would impose, thereby avoiding short-term operational adjustments and costs.

However, while seemingly advantageous, these benefits are outweighed by significant drawbacks. First, the lack of standardised regulatory requirements leads to inconsistent supervisory approaches and regulatory interpretation, undermining fairness, transparency, and predictability for market participants. Second, consumer protection remains inadequate, as financial services providers are not subject to uniform requirements relating to disclosure, fair treatment, complaint handling, product suitability, and conduct obligations. This creates information asymmetries, increases the risk of mis-selling, and limits consumers' ability to make informed financial decisions.

Third, legal and regulatory uncertainty persists. Without a clear and consolidated Market Conduct framework, it becomes difficult to define the roles, responsibilities, and accountability of regulated entities and their representatives. This lack of clarity may give rise to disputes, inconsistent enforcement, and uneven application of standards across the sector. Fourth, maintaining the status quo limits the Authority's ability to effectively monitor and address emerging conduct risks, including market abuse, unfair practices, and conflicts of interest. Weak or fragmented oversight mechanisms may allow harmful practices to persist, ultimately eroding market integrity and public trust. In addition, the absence of comprehensive Market Conduct Rules contains the Authority's capacity to adopt a proactive risk based supervisory approach. Instead, supervision remains largely reactive, addressing issues only after consumer harm has occurred. This undermines efforts to build a preventative and principles based regulatory environment aligned with international best practices.

Overall, this option is not viable. It fails to address the fundamental gaps identified in Phase I, including regulatory fragmentation, inconsistent conduct standards, weak consumer protection, and limited supervisory oversight. Although cost-effective in the short term and administratively convenient, maintaining the status quo exposes Eswatini's financial sector to avoidable risks, undermines consumer confidence, and hinders the development of a fair, transparent, and resilient financial system. Consequently, this option does not support long term market stability, does not align with international best practice, and does not provide the clarity, consistency, and accountability required of a robust Market Conduct Framework.

4.2. Option 2: Enactment of the Market Conduct Rules, 2026

This option, which is the preferred approach, involves enacting the Market Conduct Rules, 2026. This option introduces a comprehensive and harmonised framework that establishes clear and enforceable obligations for financial services providers across all sectors. The Rules cover key areas such as governance, disclosure, suitability, complaints handling, consumer protection, and fair competition, thereby addressing the deficiencies of the current framework.

Although this option entails additional compliance and operational costs, including the need for financial institutions to update their policies and procedures, systems, and training programmes, these costs are outweighed by the long term benefits of enhanced consumer protection, improved market integrity, and increased confidence in the financial system. The introduction of clear and consistent rules also reduces regulatory uncertainty and provides a predictable environment for market participants.

Disadvantages and Considerations:

- a. **Compliance and Administrative Burden:** Financial services providers will need to update internal policies, systems, and compliance frameworks to meet the new regulatory requirements.

- b. Implementation Resources: The Authority will need to allocate supervisory capacity toward developing technical expertise, conducting monitoring, and stakeholder engagement to ensure effective implementation of the Rules.
- c. Operational adjustments: Financial services providers may require system upgrades and enhanced operational processes to align with the conduct requirements prescribed in the Rules.

Despite these considerations, the enactment of the Market Conduct Rules, 2026, is both appropriate and necessary. It provides a robust, structured, and legally sound framework specifically designed to regulate market conduct across the financial sector, addressing the weaknesses associated with the status quo, such as regulatory ambiguity, inconsistent practices, inadequate disclosures, and weak consumer protection. Unlike an unstructured regulatory environment, the Rules promote clarity, transparency, and predictability; enhances the Authority's ability to supervise conduct related risks effectively; and supports fair and efficient markets. By aligning with international best practices and ensuring proportionate protections for consumers and market participants, this option strengthens confidence in Eswatini's financial system and creates an enabling environment for sustainable sector development. Given these comprehensive benefits, this regulatory path is considered appropriate, effective, and essential for establishing a credible and well functioning market conduct regime.

5. Phase IV: Legal Authority for the Development of these Rules

The Market Conduct Rules, 2026, are developed under Section 49 of the Financial Services Regulatory Authority Act, 2010 (FSRA Act, 2010), which empowers the Authority to issue rules governing market conduct. These Rules are legally binding and apply to all non-bank financial services providers. The Rules provide a comprehensive framework that governs the entire product lifecycle, including product design, marketing, disclosure, sales practices, servicing, and complaints handling. They also establish clear accountability for financial services providers and their representatives.

The Market Conduct Rules, 2026, are further supported by the broader regulatory mandate conferred upon the Authority by the FSRA Act, 2010, which empowers the Authority to promote fair, efficient, and transparent financial markets, as well as to protect consumers of financial services. In this context the Authority is authorised to issue Rules, Directives, and Guidelines, necessary for the effective regulation and supervision of market conduct across the financial sector. Accordingly, the Rules are legally grounded, consistent with the enabling legislation, and enforceable.

The introduction of the Market Conduct Rules is expected to generate significant positive impacts across the financial sector, strengthening regulatory oversight, supporting industry development, and enhancing consumer confidence. By providing a clear, structured, and legally supported regulatory framework, the Rules directly address the conduct, disclosure, and governance gaps identified in the current system. They promote market predictability,

transparency, and fair treatment of consumers, elements that are essential for a well-functioning financial system.

From a legal and regulatory perspective, the Rules establish a comprehensive framework governing conduct standards, disclosure obligations, governance requirements, product suitability, conflicts of interest management, complaints handling, and ongoing compliance. Codifying these requirements reduces legal uncertainty and minimises ambiguity around the responsibilities and obligations of financial services providers and their representatives. The Rules also clarify the Authority's supervisory expectations and enforcement powers, ensuring that oversight is consistent, predictable, and aligned with international best practice.

From an operational perspective, the Rules provide structured processes that enhance the efficiency, consistency, and transparency of financial service delivery. Clearly defined requirements relating to customer due diligence, product governance, disclosure standards, and complaints resolution ensure that financial institutions operate in a fair and orderly manner. Financial services providers are guided by explicit conduct standards that support better customer outcomes, improved service quality, and more effective risk management. These measures reduce operational risk and strengthen the overall functioning of the financial sector. From a consumer protection perspective, the Rules significantly enhance transparency and safeguards. Standardised disclosure requirements, clear conduct obligations, and strengthened complaints handling mechanisms ensure that consumers receive consistent, accurate, and understandable information about financial products and services. This reduces the likelihood of mis-selling, unfair treatment, and information asymmetry. Consumers benefit from stronger rights, improved recourse mechanisms, and increased confidence in the regulatory framework governing financial services.

In terms of market stability and confidence, the Rules contribute to a more resilient and trustworthy financial system. By promoting fair conduct, transparency, and accountability, the Rules help to mitigate conduct-related risks that may undermine market integrity. Strengthened oversight of business practices, governance, and customer interactions supports orderly market functioning and reduces the likelihood of systemic conduct failures. As financial institutions operate under clearer and more consistent conduct standards, overall trust in the financial system is enhanced.

The broader economic and social benefits extend beyond regulatory compliance. By reducing uncertainty, enhancing transparency, and promoting fair competition, the Rules encourage increased consumer participation in the financial system, support responsible innovation, and contribute to sustainable financial sector development. A predictable and enforceable market conduct regime also enhances the attractiveness and competitiveness of Eswatini's financial sector.

In summary, the Market Conduct Rules, 2026, are expected to deliver multiple interrelated benefits: legal certainty, operational efficiency, enhanced consumer protection, improved

market integrity, financial stability, and stronger public confidence. These benefits directly address the challenges identified in Phase I and demonstrate that the Rules provide a proportionate, effective, and necessary regulatory intervention to support the development of a fair, transparent, and well regulated financial services sector in Eswatini.

6. Phase V: Groups likely to be affected by this Policy Option – Enactment of the Market Conduct Rules, 2026

The enactment of the Market Conduct Rules, 2026, will have a significant impact on a wide range of stakeholders within the financial sector. Financial services providers will be required to strengthen their governance structures, implement robust compliance systems, and align their business practices with the principles of fair treatment and transparency. While this may increase operational and compliance costs in the short term, it also provides greater regulatory clarity and reduces the risk of legal and reputational challenges.

Boards of directors and senior management will assume greater responsibility for overseeing market conduct and ensuring that consumer protection is embedded within their organisational culture and decision making processes. Intermediaries and agents will also be subject to stricter oversight, with financial institutions remaining accountable for their conduct.

Consumers stand to benefit significantly from the introduction of the Rules, as they will receive clearer information, improved protection against unfair practices, and access to more effective complaints and redress mechanisms. At the regulatory level, the Authority will enhance its supervisory capabilities, although this will require additional resources and capacity building.

- a. Financial Services Providers: Financial services providers will be directly affected, as they will be required to comply with codified market conduct standards relating to governance, disclosure, suitability, fair treatment of customers, and complaint handling. They will need to strengthen internal compliance frameworks, customer due diligence processes, product governance arrangements, and reporting obligations. While this introduces additional administrative and compliance responsibilities, providers will benefit from enhanced regulatory clarity, reduced ambiguity, and a more predictable supervisory environment. Clear rules reduce the risk of inconsistent regulatory interpretation and support sustainable business practices.
- b. Board of Directors and Senior Management: Boards and senior management will assume enhanced oversight responsibilities in ensuring that institutions adhere to the Market Conduct Rules. They will be required to promote a culture of fair customer treatment, approve and monitor conduct risk frameworks, and ensure that adequate systems and controls are in place. This strengthens accountability at the highest level of organisations and ensures that market conduct is integrated into strategic decision-making.
- c. Consumers: Consumers are among the primary beneficiaries of the Market Conduct Rules. They will gain stronger protection through improved disclosure standards, fair treatment requirements, enhanced suitability assessments, and more accessible

complaints resolution mechanisms. The Rules reduce information asymmetry, strengthen consumer rights, and ensure that financial products and services are delivered in a transparent and responsible manner.

- d. Complaints Handling and Dispute Resolution Structures: Institutions will need to establish or strengthen internal complaints handling mechanisms that are fair, transparent, and efficient. This includes clear procedures for lodging complaints, defined timelines for resolution, and escalation pathways. Strengthened complaints frameworks enhance consumer trust and provide effective redress, while also enabling institutions to identify and address systemic conduct issues.
- e. The Financial Services Regulatory Authority (FSRA): The Authority will assume expanded supervisory responsibilities, including monitoring compliance with conduct standards, enforcing disclosure requirements, overseeing business practices, and addressing conduct-related risks across the sector. While this will require increased capacity, technical expertise, and resource allocation, the Authority will benefit from a clearer regulatory framework, improved supervisory tools, and enhanced ability to take timely and proportionate enforcement action.
- f. The Financial Sector as a Whole: The broader financial sector will benefit from a more consistent, transparent, and predictable regulatory environment. Harmonised conduct standards promote fair competition, reduce regulatory arbitrage, and strengthen overall market integrity. This contributes to a more resilient and trustworthy financial system.

7. Phase VI: Enforcement strategy for ensuring compliance

The effectiveness of the Market Conduct Rules, 2026, will depend on the implementation of a robust and comprehensive enforcement strategy. The Authority will adopt a multi-layered approach that combines preventive measures, ongoing monitoring, and corrective action. Preventive measures will include the issuance of guidance, stakeholder engagement, and training initiatives to ensure that financial services providers clearly understand their obligations and regulatory expectations.

Monitoring and supervision will be strengthened through enhanced reporting requirements, data collection, and periodic inspections, enabling the Authority to identify risks and intervene at an early stage. Where non-compliance is identified, the Authority will apply a strict enforcement approach, ranging from directives and corrective action to administrative penalties and, where necessary, suspension or revocation of licences. This approach ensures that enforcement is proportionate and effective, while also promoting a culture of compliance and accountability within the financial sector.

- a. Preventative Measures: The Authority will prioritise preventive measures to minimise the likelihood of regulatory breaches. These include issuing industry circulars, guidance notes, and best-practice recommendations; providing training and engagement sessions for financial services providers and intermediaries; and clarifying expectations relating to governance, disclosure, suitability, fair treatment of customers, and complaints handling. Preventive supervision will also involve early identification of conduct risks

through ongoing market surveillance, thematic reviews, and assessments of internal compliance frameworks across regulated entities. These proactive measures help address issues before they escalate and foster a strong culture of compliance.

- b. Monitoring and Reporting: Robust monitoring and reporting will form a cornerstone of the enforcement strategy. Financial services providers will be required to submit periodic reports on conduct-related matters, including complaints data, product performance, sales practices, and adherence to disclosure and suitability requirements. The Authority will implement systems to assess the timeliness, accuracy, and completeness of submissions, enabling early detection of irregularities. Periodic inspections, audits, and supervisory reviews will further ensure that institutions comply with the governance and conduct standards set out in the Rules.
- c. Stakeholder Transparency: Transparency is a key mechanism for reinforcing compliance. The Rules require financial services providers to make timely, clear, and accurate disclosures to consumers, including information on products, fees, risks, and any material changes affecting customers. Providers must also communicate effectively with consumers regarding their rights and available redress mechanisms. By promoting access to reliable and understandable information, the Authority strengthens accountability and supports informed decision-making by consumers.
- d. Corrective Transparency: Where non-compliance is identified, the Authority will apply a strict enforcement approach. Minor or first-time breaches may result in written directives requiring corrective action within specified timeframes. More serious or repeated violations, such as misleading disclosures, unfair treatment of customers, failure to assess suitability, or weaknesses in complaint handling, may attract administrative penalties, including fines, restrictions on certain business activities, or enhanced supervisory oversight. In severe cases, particularly where misconduct or systemic failures compromise consumer protection, the Authority may suspend or revoke licences. This approach ensures proportionality while maintaining an effective deterrent against misconduct.
- e. Judicial Oversight: Decisions made under the Market Conduct Rules, 2026, may be subject to judicial review, ensuring that enforcement actions are transparent, procedurally fair, and legally sound. Judicial oversight provides an essential safeguard for both regulated entities and the Authority, reinforcing accountability and enhancing the credibility of the regulatory framework.
- f. Continuous Review and Capacity Building: The Authority will adopt a forward-looking approach to enforcement. This includes regularly assessing the effectiveness of supervisory tools, refining reporting templates, strengthening data analytics capabilities, and enhancing internal expertise in market conduct supervision. Ongoing training, stakeholder feedback, and alignment with international best practices will inform continuous improvements to the enforcement framework. This ensures that the Rules remain relevant, responsive, and effective in addressing evolving conduct risks.

The enforcement strategy is designed to be preventive, supervisory, transparent and proportionate. By combining education, monitoring, reporting, stakeholder engagement,

corrective measures, and judicial oversight, the Authority ensures that financial services providers understand and fulfil their obligations. This multilayered approach strengthens the market integrity, enhances consumer protection, improves transparency, and promotes confidence in Eswatini's financial system. Through consistent and effective enforcement Rules, the Authority supports the development of a fair, accountable, and well regulated financial sector.

8. Phase VII. Impact Analysis by the Authority - LEASE Analysis: Market Conduct Guidelines, 2026

In assessing the potential effects of the Market Conduct Rules, 2026, the Authority has applied the LEASE framework, which evaluates Legal, Economic, Administrative, Social, and Environmental impacts. This structured approach enables a comprehensive understanding of how the proposed Rules will influence financial services providers, consumers, and the broader financial sector, while supporting informed regulatory decision-making.

8.1. Legal Impact

From a legal perspective, the Market Conduct Rules introduce clear and enforceable obligations that reduce regulatory ambiguity and enhance consistency across the sector. By aligning with international best practices, the Rules strengthen the legal framework and support effective enforcement.

The Market Conduct Rules, 2026, are underpinned by a robust statutory framework derived primarily from the FSRA Act, 2010. The Act empowers the Authority to issue regulatory instruments governing market conduct, disclosure standards, licensing, and consumer protection requirements. This legislative mandate provides clear legal legitimacy for the Rules and ensures their enforceability within the existing financial regulatory architecture.

In addition, the Rules harmonise with existing financial services legislation to ensure coherence and avoid conflicting obligations for regulated entities. Where overlaps arise, the Rules clarify supervisory expectations and delineate the Authority's oversight, reducing interpretive disputes and compliance uncertainty. The inclusion of enforcement provisions, including sanctions for misrepresentation, non-disclosure, unfair practices, or non-compliance, further reinforces accountability. Overall, the legal assessment confirms that the Market Conduct Rules, 2026, provide a clear, coherent, and enforceable framework that enhances regulatory certainty, strengthens consumer protection, and supports the integrity of the financial sector.

8.2. Economic Impact

Economically, the Rules are expected to have a positive impact by improving consumer confidence, encouraging greater participation in the financial services sector, and promoting fair competition. Although financial institutions may incur initial compliance costs, these are outweighed by the long term benefits of a stable, transparent, and well-regulated market environment.

The Market Conduct Rules, 2026, are expected to generate positive economic outcomes by strengthening trust and confidence in the financial system. By establishing clear conduct standards, the Rules reduce misconduct risks, minimise disputes, and lower the likelihood of financial losses arising from mis-selling or unfair treatment. This contributes to more efficient allocation of financial resources and supports sustainable sector growth.

A key economic benefit is increased consumer participation. Improved transparency, standardised disclosures, and fair treatment requirements empower consumers to make informed financial decisions. This is likely to stimulate savings mobilisation, increase uptake of financial products, and support long-term investment activity. In turn, this contributes to capital formation and broader economic development.

The Rules also promote fair competition by creating a level playing field across financial services providers. Uniform conduct standards reduce regulatory arbitrage and discourage unfair business practices, encouraging innovation and efficiency within the sector. Over time, this enhances productivity, strengthens market discipline, and improves service delivery to consumers.

While the Rules introduce short-term compliance and operational costs, such as system upgrades, staff training, and enhanced reporting requirements, these costs are expected to be outweighed by long-term economic benefits. These include reduced legal and reputational risks, improved operational efficiency, stronger consumer confidence, and sustained sector growth. Overall, the economic assessment indicates a net positive impact, with the Rules supporting a resilient, transparent, and competitive financial system.

8.3. Administrative Impact

From an administrative standpoint, the Rules introduce additional reporting and compliance requirements, however, these are offset by greater efficiency resulting from standardised processes and clear regulatory expectations.

Financial services providers will be required to implement enhanced compliance frameworks, maintain accurate records, and submit periodic reports relating to conduct, complaints, and customer outcomes. While this increases administrative responsibilities, the use of standardised templates, digital reporting systems, and clearly defined obligations helps to streamline processes and reduce inefficiencies.

For the Authority, the Rules necessitate enhanced supervisory capacity, including monitoring compliance, conducting inspections, and analysing market conduct data. However, the existence of clear and codified standards reduces reliance on ad hoc interventions, minimises disputes, and supports more consistent regulatory decision-making. The structured approach embedded in the Rules promotes predictable supervisory processes, improved data quality, and more efficient engagement between the Authority and regulated entities. Over time, this

reduces compliance uncertainty and administrative inefficiencies, benefiting both regulators and market participants.

8.4. Social Impact

Socially, the Rules provide significant benefits by enhancing consumer protection, promoting financial literacy, and supporting financial inclusion, particularly from vulnerable and underserved groups. They contribute to building trust in the financial system and ensuring that consumers are treated fairly throughout their interactions with financial institutions.

The Market Conduct Rules strengthen transparency through clear disclosure requirements, ensuring that consumers understand the costs, risks, and features of financial products and services. This empowers individuals to make informed decisions and reduces the risk of exploitation or unfair treatment.

By promoting fair treatment and ethical business practices, Rules support improved customer outcomes and foster a culture of accountability within the financial sector. Strengthened complaints handling and redress mechanisms ensure that consumers have access to effective remedies when issues arise, further enhancing confidence in the system. The Rules also contribute to financial inclusion by creating a more accessible and trustworthy financial environment. As confidence in the system increases, more individuals, particularly those previously excluded, are likely to engage with formal financial services. Overall, the social impact is strongly positive, supporting a more inclusive, transparent, and consumer-focused financial sector.

8.5. Environmental Impact

The environmental impact of the Rules is minimal, however, increased reliance on digital disclosures and reporting may result in indirect environmental benefits through reduced use of paper and physical resources. The Market Conduct Rules encourage the adoption of electronic communication, digital record-keeping, and automated reporting systems. These practices reduce dependency on paper-based processes and support more efficient use of resources.

In addition, a well-regulated and transparent financial system may indirectly support sustainable finance initiatives by improving governance, accountability, and responsible business conduct. While not explicitly environmental in nature, the Rules create a foundation that can support environmentally responsible financial practices over time.

The LEASE assessment indicates that the Market Conduct Rules, 2026, represent a necessary and proportionate response to the challenges facing Eswatini's financial sector. By establishing a comprehensive and harmonised regulatory framework, the Rules address existing gaps in consumer protection, governance, and regulatory oversight. They enhance transparency, promote fair treatment, and strengthen market integrity, thereby supporting the long term development of a sound and inclusive financial system. Overall, the benefits of the Rules significantly outweigh their costs, making them an essential regulatory intervention for

fostering confidence, stability, and sustainable growth within the financial services sector. The Rules are well-founded, proportionate, and aligned with the Authority's mandate to promote consumer protection, market integrity, and financial sector development. Collectively, these impacts reinforce the resilience, credibility, and long-term sustainability of Eswatini's financial system.

9. Phase VIII Consultation with Industry

The Authority is committed to a consultative approach in the finalisation and implementation of this legislative framework. The following steps will be undertaken:

- a. The Rules will be formally circulated to all relevant stakeholders for review and comment.
- b. Stakeholders will be given a reasonable and clearly defined period (e.g., 30 days) from the date of circulation to provide written submissions, comments, and concerns to the Authority.
- c. A series of workshops, focus group meetings, or a one-day comprehensive meeting will be held with industry bodies and other key stakeholders to discuss the provisions of the Rules, clarify requirements, gather verbal feedback, and deliberate on submitted comments.
- d. Relevant industry comments and suggestions that align with the overarching policy objectives of the Rules and strengthen its effectiveness will be carefully considered and, where appropriate, incorporated into the final version of the Rules.
- e. The finalised Rules, reflecting the outcomes of the consultation process, will then be promulgated and disseminated.

Annexure 1: Impact Assessment by Stakeholder

Stakeholders are required to use this framework to assess the impact of the provisions on the conduct of their business, including how the Rules will influence their regulatory environment. The Authority uses this framework (LEASE) to demarcate the factors for consideration in the impact assessment.

Name of Company or Individual Commenting	Factor (Legal, Economic, Administrative, Social, Environmental)	Summary of Comment / Concern	Suggested Amendment or Recommendation	Assessment by Authority (e.g., Accepted, Noted, Rejected – with rationale)

Column Descriptions:

- Name of Company or Individual Commenting: Identifies the stakeholder providing input.
- Factor: Indicates which LEASE category the comment pertains to.
- Summary of Comment / Concern: A concise description of the issue or observation raised.
- Suggested Amendment or Recommendation: The stakeholder's proposed solution or change.



- e. Assessment by Authority: The regulator's response, including whether the comment is accepted, noted, or rejected, with a brief just