



Code of Conduct and Ethics for Employees and Directors

A policy approved by the Board of Directors

I. Philosophy

The Federal Home Loan Bank of Dallas (the “Bank”) has established this Code of Conduct and Ethics for Employees and Directors (“Code”) of the Bank to provide employees and directors of the Bank with policies on standards for conduct of the business of the Bank, the protection of the rights of the Bank and others, and compliance with laws and regulations applicable to the Bank and its employees and directors. This Code sets forth policy in several basic areas that commonly require employees and directors to exercise sound and informed judgment.

The maintenance of unusually high standards of honesty, integrity, impartiality, and conduct by employees and directors of the Bank is essential to assure the proper operation of the Bank’s business and the maintenance of confidence in the Bank by the public. In the case of directors, the standards set forth in this Code supplement, but do not replace, the standards set forth in the Conflict of Interest Policy for Directors (the “Directors Policy”). The avoidance of misconduct and conflicts of interest on the part of employees and directors through use of informed judgment is indispensable to the maintenance of these standards. Often, simply appearances of substandard conduct, either individually or collectively, can be just as damaging to the Bank’s reputation as an actual discrepancy. It is incumbent upon the employees and directors of the Bank to view their actions and intentions objectively in order to assure that no observer would have grounds to believe the slightest irregularity in conduct exists.

A violation of these standards by an employee may be cause for appropriate disciplinary action, including immediate termination. A violation of these standards by a director shall be reported to the Board of Directors which shall take appropriate action.

This Code is not and shall not be deemed to be either a contract of employment between any employee and the Bank or any guarantee of continued employment. Employment relationships between the Bank and its employees are “at will.”

II. Definitions

“**Business associate**” means any individual or entity with whom a director or employee has a business relationship, including, but not limited to:

- (i) Any corporation or organization of which the director or employee is an officer or partner, or in which the director or employee beneficially owns ten percent or more of any class of equity security, including subordinated debt;
- (ii) Any other partner, officer, or beneficial owner of ten percent or more of any class of equity security, including subordinated debt, of any such corporation or organization; and
- (iii) Any trust or other estate in which a director or employee has a substantial beneficial interest or as to which the director or employee serves as trustee or in a similar fiduciary capacity.

“**Equity security**” means the common stock of a member or any other securities convertible into or exercisable for the common stock of a member.

“Financial interest” means a direct or indirect financial interest in any activity, transaction, property, or relationship that involves receiving or providing something of monetary value, and includes, but is not limited to any right, contractual or otherwise, to the payment of money, whether contingent or fixed. It does not include a deposit or savings account maintained with a member, nor does it include a loan or extension of credit obtained from a member in the normal course of business on terms that are generally available to the public.

“Immediate family member” of an employee or director means a spouse or minor child.

“Material inside information” means with respect to any entity information that would reasonably be expected either to affect the price of the securities of such entity or to be important to an investor in determining whether to buy, sell, or hold the securities of such entity.

“Minimal intrinsic value” means retail value of less than \$100.00.

“Minor child” means a child under the age of majority under the laws of the state where the employee or director resides.

“Records” means any information whether preserved in paper, electronic, or any other medium, including but not limited to e-mail, voicemail, and the content of any hard discs.

“Tipping” means providing non-public information about a member or any other entity obtained as a result of one’s service as an employee or director of the Bank to any third party.

III. Limits and Controls

<i>Area</i>	<i>Limits and Controls</i>
<i>Use of Official Information</i>	In no instance should confidential information be used for one’s own or another's personal benefit. In no case should confidential information be transmitted to persons outside the Bank, including family members or business associates, or even to other employees of the Bank, who have no need to know such information in order to discharge their duties as employees.
<i>Acceptance of Gifts, Favors, or Other Items of Monetary Value</i>	<p>An employee or director shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, from a person who has or is seeking to obtain contractual or other business or financial relations with the Bank.</p> <p>Employees and directors may not accept reimbursements, and payment may not be made on their behalf, for personal living expenses, excessive gifts, entertainment or other personal benefits where such actions may create either the appearance of, or an actual conflict of interest.</p>

These standards do not prohibit any activity that is required under, or compatible with, an employee’s or director’s duties and responsibilities

to the Bank. These activities include:

- *The acceptance, except as prohibited by law, of loans from, or other financial relations with, member institutions in the ordinary course of business of the member institutions, so long as the employee or director is granted terms no more favorable than would be available in like circumstances to persons who are not employees or directors of the Bank.*
- *Obvious family or personal relationships (such as those between the parent, children or spouse of the employee or director and the employee or director) when the circumstances make it clear that it is those relationships rather than the business of the persons concerned that are the motivating factors.*
- *The acceptance of food, refreshments and accompanying entertainment in the ordinary course of a luncheon or dinner meeting or other function when an employee or director is properly in attendance.*
- *The acceptance of bona fide reimbursement for actual expenses for travel to fulfill a speaking engagement for which no Bank payment or reimbursement is or will be made.*
- *The acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, and other items of nominal intrinsic value.*

***Acceptance of Gifts,
Favors, or Other
Items of Monetary
Value
(continued)***

Before accepting anything of more than nominally intrinsic value, the employee shall inform his or her immediate supervisor and obtain said supervisor's pre-approval. The supervisor shall consult with the Director of Internal Audit prior to such approval. An employee should report to his or her supervisor and the Director of Internal Audit, receipt of an unsolicited gift with a value greater than \$100. A determination, based on all the facts and circumstances, will then be made by the supervisor, after consultation with the Director of Internal Audit as to whether the gift may be retained, will be returned to the donor, or other provision for its disposition will be made.

In the case of any actual or proposed gift of more than nominal value to a director that is governed by this Code, the director shall consult with the Chairman of the Audit Committee in order to determine the appropriateness of accepting or retaining such gift.

***Outside Employment
and Other Activities***

An employee shall not engage in outside employment or other outside activities that are incompatible with the full-time proper discharge of the duties and responsibilities of his or her employment. Outside employment activities must be immediately reported by the employee to his or her supervisor.

Incompatible activities include but are not limited to:

- Acceptance of a fee, compensation, gift, payment of expense or any other thing of monetary value, in circumstances in which acceptance may result in conflicts of interest.
- The use of non-public information gained through, or incidental to, his or her duties.
- Outside employment which tends to impair mental or physical capacity to perform duties and responsibilities in an acceptable manner.

An employee shall not receive any salary or anything of monetary value from a private source as compensation for services to the Bank.

A director shall ensure that his or her employment by, or other affiliation with, organizations does not create an actual or apparent conflict of interest in violation of the Directors Policy. A director shall not accept compensation for services performed for the Bank from any source other than the Bank.

Financial Interests

Except as permitted by this Code, an employee or director shall not have a direct or indirect financial interest that conflicts, or appears to conflict, with his or her duties and responsibilities to the Bank, nor engage in, directly or indirectly, a financial transaction as a result of, or primarily relying on, confidential or **“material inside information”** obtained through employment with, or service as a director of, the Bank. No employee or director shall engage in **“tipping”**. Such action is not only contrary to the Bank’s policy but is also a violation of federal securities laws. Such a conflict or potential conflict encompasses dealings with members or other entities that have or seek to conduct business with the Bank where the employee or director receives benefits or terms not otherwise available to the general public.

Directors, officers and employees who participate in evaluating, recommending, or choosing vendors of the Bank should generally not participate in such decisions where the person in question, or his or her immediate family members, has a financial interest in the vendor that would appear to influence such person’s evaluation, recommendation or decision. This restriction is not meant to apply absolutely, especially in the case of vendors the securities of which are broadly owned. The requirement that a person recuse himself or herself from any evaluation, recommendation, or choice of a vendor should be made on the basis of all facts and circumstances after consultation with the Bank’s General Counsel. For this purpose, in the case of a director, an “immediate family member” includes the director’s parent, sibling, spouse, child, or

dependent, or any relative sharing the same residence as the director.

An employee or director is not precluded from engaging in financial transactions with members (other than the ownership of certain equity securities of members or, in the case of an appointed director, the ownership of certain debt or equity securities of members) to the same extent as a private citizen not employed by or serving as a director of the Bank. These permitted transactions include:

- *investment in savings or other deposit accounts and indebtedness to member institutions or financial transactions including brokerage accounts;*
- *investments in products offered by entities that have a contractual or other business or financial relations with Bank, provided that such transactions are on the same terms as those available to persons who are not employees or directors of the Bank;*
- *for an appointed director, any contractual relationship between the appointed director and/or the appointed director's spouse and one or more members of the Bank that includes a contractual right to the payment of money, if the amount due to the appointed director and/or the appointed director's spouse under such contracts in any calendar year is less than 10% of the director's and/or spouse's adjusted gross income for that calendar year.*

Financial Interests
(continued)

Subject to the following exceptions set forth below, no employee or elected director of the Bank, or any immediate family member of an employee or elected director, shall own, directly or indirectly, any equity securities of a member or any affiliate of a member. *This restriction shall not apply in the following cases:*

- *An elected director of the Bank (and his or her immediate family members) may own equity securities of a member of which he or she is an employee or director.*
- *An employee or elected director of the Bank (and his or her immediate family members) may own an indirect interest in equity securities of a member that is held through a mutual fund (including open-ended, closed-ended or exchange-traded funds) or other pooled investment vehicle; provided, however, that the employee or elected director, and his or her immediate family members, (i) hold no more than 5% of the ownership of such mutual fund or pooled investment vehicle and (ii) does not exercise any control over the investment decisions of the mutual fund or pooled investment vehicle.*
- *An employee or elected director of the Bank (and his or her immediate family members) may own debt or equity securities*

issued by a holding company that controls one or more members of the Bank if the assets of all such members constitute less than 35% of the assets of the holding company on a consolidated basis.

- *An immediate family member of an employee or elected director may hold equity securities of a member that are held through a qualified employee benefit plan established by the employer of such immediate family member.*
- *If an employee or elected director of the Bank owns equity securities of a member prior to his or her becoming an employee or elected director of the Bank or acquires such securities through no action of his or her own (for example, through receipt of a gift or bequest or through a merger or consolidation of a non-member with a member), he or she shall upon becoming an employee or elected director or promptly after otherwise acquiring equity securities of a member, notify the Bank's General Counsel of the fact of, and the details with respect to, his or her ownership of such equity securities. The General Counsel shall consult with the President of the Bank if the ownership involves an employee of the Bank and with the Board of Directors if the ownership involves an elected director of the Bank. The President or Board of Directors, as the case may be, may grant an exception to allow the employee or elected director to maintain his or her ownership of equity securities of a member, subject to such terms and conditions as the President or Board of Directors may impose.*
- *Notwithstanding the other provisions of this section, an elected director and/or his or her immediate family member may purchase and hold securities of a member provided he or she meets both of the following conditions. The purchase price of the securities must not be greater than \$25,000 and at no time may any securities held equal 5% or more of such class of securities. The exemption under this section for purchasing or holding securities of a member may cease to apply to the continued holding of such securities if the market value of such securities increases sufficiently above \$25,000 so as to constitute a material portion of the net worth of the elected director and/or his or her immediate family member.*

Financial Interests
(continued)

Subject to the following exceptions set forth below, no appointed director of the Bank, or any immediate family member of an appointed director, shall own, directly or indirectly, any debt or equity securities of a member or any affiliate of a member.

This restriction shall not apply in the following cases:

- *An appointed director of the Bank (and his or her immediate family members) may invest in a legally recognized entity that owns debt or equity securities issued by a member if the appointed director neither controls the entity nor plays any role in the purchase or sale of the securities owned by the entity.*
- *An appointed director (and his or her immediate family members) may own debt or equity securities through an account managed by an investment adviser registered under the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 et seq.) for which the appointed Director pays a fee for advisory services and with respect to which the appointed Director has given the investment adviser complete investment discretion to buy and sell all securities in the account, if the appointed Director is not affiliated with the investment adviser and has no control over the selection of securities acquired for the account.*
- *An appointed director (and his or her immediate family members) may own debt or equity securities issued by a holding company that controls one or more members of the Bank if the assets of all such members constitute less than 35% of the assets of the holding company on a consolidated basis.*
- *If an appointed director of the Bank acquires debt or equity securities of a member or of a holding company that controls one or more members of the Bank through no action of his or her own (for example, through receipt of a gift or bequest or through a merger or consolidation of a non-member with a member), he or she shall promptly after acquiring debt or equity securities of a member or of a holding company that controls one or more members of the Bank, notify the Bank's General Counsel of the fact of, and the details with respect to, his or her ownership of such debt or equity securities.*

Exceptions to the ownership of securities of members set forth above do not relieve employees, directors, and their immediate family members from the obligations to comply with applicable securities laws.

Any Officer, Capital Markets Department (Treasury) staff member, or any other Employee who regularly deals with members or broker/dealers that do business with the Bank, must disclose any personal financial relationships with such members or broker/dealers annually in a manner prescribed by the Bank.

***Protection of Bank
Property***

Every employee and director shall protect the property of the Bank and shall not use the property of the Bank for any personal gain. This

includes not only the Bank's tangible property but also its intangible property such as confidential and proprietary information, proprietary software and trade secrets, none of which shall be disclosed to persons outside the Bank other than in connection with activities undertaken by or on behalf of the Bank.

Political Activities

The Bank is prohibited by law from making contributions of any kind to candidates in federal, state, or local elections. Although an employee or director is free to take an active role in the political process, he or she must do so on his or her own time, at his or her own expense, and on his or her own behalf. Employees and directors may not use the Bank's resources to further any person's political campaign or to benefit his or her own work in an appointed or elected political office.

Accuracy of Records

Employees and directors shall adhere strictly to the accounting rules and controls of the Bank. All records shall accurately reflect the underlying transactions in a timely manner and shall be immediately corrected in the event an incorrect or misleading entry. No employee or director shall request or authorize a payment to be made with the agreement or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

**Cooperation with
Inquiries and
Investigations**

Employees and directors shall cooperate fully with all duly authorized inquiries and investigations. Employees and directors shall provide information required to respond to lawsuits and investigations and inquiries of governmental and regulatory agencies as well as any investigation initiated by the Bank. Employees and directors shall promptly, honestly, and completely respond to legitimate inquiries of Federal Housing Finance Board's examiners, internal and independent auditors, legal counsel, security personnel and other properly authorized persons acting in its regulatory capacity or on behalf of the Bank. Concealing pertinent information is prohibited.

**Preservation of
Records**

Whenever an employee or director becomes aware of an investigation which affects the Bank, he or she shall immediately notify the Bank's General Counsel. Notwithstanding any established records retention policy or procedure of the Bank, under no circumstances shall any records known to be the subject of or germane to any anticipated,

threatened, or pending lawsuit, governmental or regulatory investigation or proceeding, or any proceeding involving the insolvency of a member be removed, concealed or destroyed.

Crimes and Dishonesty

An employee or director shall not engage in criminal, infamous, dishonest, immoral or notoriously disgraceful conduct or other conduct prejudicial to the Bank.

Affordable Housing Program Conflict of Interest Policy

This Code incorporates by reference the Affordable Housing Program Conflict of Interest Policy (the “AHP Policy”). Each employee and director is responsible to be knowledgeable regarding and in compliance with the AHP Policy. A certification by an employee or director of his or her review and compliance with this Code includes a certification that such employee or director has reviewed and is in compliance with the AHP Policy.

Separate Code of Ethics for Senior Financial Officers

The President, Chief Accounting Officer, Chief Financial Officer, and such other financial officers as the Board may from time to time designate shall annually acknowledge in writing the receipt of, and compliance with, the requirements of the Code of Ethics for Senior Financial Officers.

Amendments to this Code and the Code of Ethics for Senior Financial Officers; Waivers

This Code, the Code of Ethics for Senior Financial Officers, and the AHP Policy may be amended by the Bank, upon the approval of the Board, at any time without prior notice to employees and directors who remain subject to and must comply with such amendment. Any amendment of, or waiver under, the Code of Ethics for Senior Financial Officers shall be approved by the Audit Committee.

IV. Roles and Responsibilities

Each employee and director is responsible to be knowledgeable regarding this Code and the AHP Policy, and for providing an annual certification of review and compliance with the Code and the AHP Policy.

Any employee or director who reasonably believes that conduct by any employee, director, or other party that does business with the Bank violates the laws and regulations to which the Bank is subject or this Code, shall report such suspected violation to the Bank’s General Counsel.

The Bank’s General Counsel shall investigate such reported conduct alleged to be in violation of the Code and report thereon to the President regarding suspected violations involving an employee and to the Chairman of the Board regarding suspected violations involving a director.

The Director of Human Resources is responsible for obtaining from each employee a certification that he or she has reviewed the most recent version of this Code and the AHP Policy, agrees to be bound by the terms of this Code and the AHP Policy, and during the preceding year, or since the date of employment for a newly hired employee, has at all times been in compliance with the requirements of this Code and the AHP Policy.

The Human Resources Department shall ensure that the personnel files of all newly hired employees contain a signed acknowledgment that they have reviewed the Bank's Code of Conduct and Ethics for Employees and Directors and the AHP Policy and agree to abide by the Code's and the AHP Policy's requirements.

The Corporate Secretary shall obtain from each director a certification that he or she has reviewed the most recent version of this Code and the AHP Policy, agrees to be bound by the terms of this Code and the AHP Policy, and during the preceding year, or since the date of appointment for a newly elected/appointed director, has at all times been in compliance with the requirements of this Code and the AHP Policy.

V. Compliance

Director, Human Resources will report any violations of this Code by employees to Corporate Secretary, General Counsel and Director, Internal Audit.

Corporate Secretary will report any violations of this Code by directors to General Counsel and Director, Internal Audit.

The General Counsel and Director, Internal Audit will investigate any suspected violations and report to the Bank President regarding violations by employees and to the Chairman of the Board of Directors regarding violations by directors. The Bank President or the Chairman of the Board of Directors, respectively, shall determine the appropriate action based on the facts and circumstances of each case.

VI. Related Policies

Affirmative Action Program	Financial Disclosure
Code of Ethics for Sr. Financial Officers	Rules of Conduct
Corrective Action	Treatment of Confidential and
Discharge for Cause	Proprietary Information
Conflict of Interest Policy for Directors	
Affordable Housing Program	Conflict of Interest Policy