



Code of Conduct and Ethics and Conflict of Interest Policy for Directors

A policy approved by the Board of Directors

Approval date: February 20, 2009

Effective date: May 16, 2003

I. Philosophy

The Federal Home Loan Bank of Dallas (the “Bank”) and its Board of Directors have established this Code of Conduct and Ethics and Conflict of Interest Policy for Directors (“Code”) of the Bank to provide 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 Directors. This Code sets forth policy in several basic areas that commonly require Directors to exercise sound and informed judgment.

The Board of Directors is committed to ensuring the Bank operates under the highest standards of ethical behavior and fiduciary duty. Further, the Board of Directors intends to comply with applicable Federal Housing Finance Agency regulations to administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member. (12 C.F.R. § 1261.11(a)(1) and 12 C.F.R. § 917.2 (b)). Accordingly, Directors of the Bank will avoid actual and apparent conflicts of interest by strictly adhering to this Code.

The maintenance of unusually high standards of honesty, integrity, impartiality, and conduct by 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. The avoidance of misconduct and conflicts of interest on the part of 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 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.

II. Definitions

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

- (i) Any corporation or organization of which the Director is an officer or partner, or in which the Director 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 has a substantial beneficial interest or as to which the Director serves as trustee or in a similar fiduciary capacity.

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

“**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 a Director means, unless defined otherwise with respect to a particular provision of this Code, 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 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 a Director of the Bank to any third party.

III. Limits and Controls

<i>Area</i>	<i>Limits and Controls</i>
<i>Administration of Bank Affairs</i>	Directors shall administer the affairs of the Bank fairly and impartially and without discrimination in favor of or against any member.
<i>Use of Official Position or Information</i>	Directors shall not use their official position for personal gain. 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 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>	Directors shall not accept, and shall discourage their immediate family members from accepting, any gift where the Director has reason to believe that the gift is given in order to influence the Director’s actions as a member of the Board of Directors, or where acceptance of such gift gives the appearance of influencing the Director’s actions as a member of the Board of Directors. Directors may not accept reimbursements, and payment may not be

made on their behalf, for personal living expenses, gifts, entertainment or other personal benefits where such actions may create either the appearance of, or an actual conflict of interest.

These standards do not prohibit any activity that is required under, or compatible with, a 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 Director is granted terms no more favorable than would be available in like circumstances to persons who are not Directors of the Bank.*
- *Obvious family or personal relationships (such as those between the parent, children or spouse of the Director and the 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 a 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 minimal intrinsic value.*

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

In the case of any actual or proposed gift 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***

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 this Code. 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, a 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 service as a Director of the Bank. No 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 Director receives benefits or terms not otherwise available to the general public.

Directors 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, an “immediate family member” includes the Director’s parent, sibling, spouse, child, or dependent, or any relative sharing the same residence as the Director.

A Director is not precluded from engaging in financial transactions with members (other than the ownership of certain equity securities of members) to the same extent as a private citizen not serving as a Director of the Bank. These permitted transactions include:

- *investments in savings or other deposit accounts and indebtedness to member institutions or financial transactions including brokerage accounts; and*
- *investments in products offered by entities that have a contractual or other business or financial relationship with the Bank, provided that such transactions are on the same terms as those available to persons who are not Directors of the Bank.*

Subject to the exception set forth below, no independent Director of the Bank, or spouse of an independent Director, may serve as (i) an officer, employee or director of any member of the Bank, or of any recipient of advances from the Bank, or (ii) an officer of any Federal Home Loan Bank.

Financial Interests
(continued)

This restriction shall not apply to the service by an independent Director or an independent Director's spouse as an officer, employee or director of a holding company that controls one or more members of, or one or more recipients of advances from, the Bank, if the assets of all such members or all such recipients of advances constitute less than 35 percent of the assets of the holding company, on a consolidated basis.

Independent Directors must disclose all such interests to the Bank.

Financial Interests
(continued)

Disclosure and Recusal

Directors shall disclose all actual or apparent conflicts of interests to the Board of Directors and to the Bank.

Directors shall disclose to the Board of Directors and to the Bank any financial interests he or she has, as well as any financial interests known to the Director of any immediate family member or business associate of the Director, in any matter to be considered by the Board of Directors and in any other business matter or proposed business matter in which another person or entity does, or proposes to do, business with the Bank. Directors shall fully disclose the nature of their interest in the matter and shall provide to the Board of Directors any information requested to aid in the Board of Directors' consideration of the Director's interest.

Directors shall refrain from considering or voting on any issue in which they, any immediate family member, or any business associate has a financial interest; provided that this restriction shall not apply to member Directors voting on the terms on which products are offered to all members and other routine corporate matters such as the declaration of dividends.

Election of Directors

Subject to the following exceptions set forth below, Directors, officers, attorneys, employees and agents of the Bank shall not communicate in any manner that a Director, officer, attorney, employee, or agent of the Bank, directly or indirectly, supports or opposes the nomination or election of a particular person for a directorship nor take any other action to influence votes for a directorship.

This prohibition shall not apply in the following cases:

- *A Bank Director, officer, attorney, employee or agent, acting in his or her personal capacity, may support the nomination or election of any individual for a member directorship, provided that no such Director may purport to represent the views of the Bank or the Board of Directors in doing so; and*
- *A Bank Director, officer, attorney, employee or agent and the Board of Directors and the Advisory Council may support the candidacy of any person nominated by the Board of Directors for election to an independent directorship.*

Protection of Bank Property

Every 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 a 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. 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

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 of an incorrect or misleading entry. No 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**

Directors shall cooperate fully with all duly authorized inquiries and investigations. 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. Directors shall promptly, honestly, and completely respond to legitimate inquiries of the Federal Housing Finance Agency's examiners, internal and independent auditors, legal counsel, security personnel and other properly authorized persons acting in their lawful or regulatory capacity or acting on behalf of the Bank. Concealing pertinent information is prohibited.

**Preservation of
Records**

In the event a Director has actual knowledge that litigation or a governmental investigation or proceeding involving the Bank is pending or threatened, the Director should immediately notify the Bank's General Counsel so that the Bank may preserve any related records pursuant to the Bank's Record Retention Policy.

Crimes and Dishonesty

A 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 Director is responsible to be knowledgeable regarding and in compliance with the AHP Policy. A certification by a Director of his or her review and compliance with this Code includes a certification that such Director has reviewed and is in compliance with the AHP Policy.

Amendments to this Code; Waivers

This Code and the AHP Policy may be amended by the Bank, upon the approval of the Board of Directors, at any time without prior notice to Directors who remain subject to and must comply with such amendment.

IV. Roles and Responsibilities

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

Any 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, this Code or the Code of Conduct and Ethics for Employees, shall report such suspected violation to the Bank’s General Counsel, the Bank’s Director, Internal Audit and to the Chairman of the Audit Committee of the Board of Directors.

The Bank’s General Counsel and the Bank’s Director, Internal Audit shall investigate such reported conduct alleged to be in violation of this Code and report thereon to the Chairman of the Audit Committee of the Board of Directors.

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

The Corporate Secretary will report any non-compliance with the annual certification requirement to the Audit Committee of the Board of Directors at its second meeting of the calendar year.

The General Counsel and Director, Internal Audit will investigate any suspected violations and report to the Chairman of the Audit Committee of the Board of Directors. The Chairman of the

Audit Committee of the Board of Directors shall determine the appropriate action based on the facts and circumstances of each case.

VI. Related Policies

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| 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 |
| Code of Conduct and Ethics for Employees | |
| Affordable Housing Program | Conflict of Interest Policy |