

Safekeeping Circular

A policy approved by the OROC

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1) AUTHORIZATION FOR ARRANGEMENTS WITH RESPECT TO SECURITIES. Prior to commencement of Safekeeping Services, Customer will complete and execute the Master Transactions Agreement ("MTA") and, unless otherwise defined herein, capitalized terms shall have the meaning assigned to such terms in the MTA. The Bank is authorized to arrange for the safekeeping, holding, receipt, delivery, transfer, withdrawal, or other disposition of securities in accordance with instructions received from Customer. Upon request by Customer in such manner and form as the Bank may specify, Customer may establish securities safekeeping accounts(s) with the Bank.

2) STANDARD OF CARE BY THE BANK. The Bank agrees to exercise reasonable care in actions taken by the Bank with respect to the securities of Customer; provided, however, that the Bank shall not be liable to Customer or to third persons for any loss or damage suffered by Customer or such third persons arising from causes beyond the control of the Bank, including without limitation acts or omissions of any financial institution that has physical custody of securities, including the negligence or insolvency of any financial institution. The Bank is responsible only for those duties expressly set forth in this Circular and the Custodial Agreement and Confirm to perform the services described therein pursuant to the provisions thereof and, without limiting the foregoing; the Bank shall have no duty or responsibility:

a) to supervise the investment of, or make recommendations with respect to, the purchase, retention, or sale of securities or other property relating to this Circular;
b) with respect to any security as to which a default in the payment of principal or interest has occurred, to give notice of such default, make demand for payment, or take any other action with respect to such default;
c) for any act or omission, or for the solvency or notice to the Bank of the insolvency, of any broker or agent that is selected by the Bank (in the absence of gross negligence or willful misconduct by the Bank in such selection) or by Customer or any other person to effect any transaction pursuant to this Circular;
d) to evaluate or to report to Customer regarding the financial condition of any party to which the Bank delivers or makes arrangements for the delivery of securities or payment pursuant to this Circular; or
e) for any loss occasioned by delay in the actual receipt of notice by the Bank of any payment, redemption, or other transaction regarding securities or property held pursuant to this Circular in respect to which the Bank is authorized to take some action.

3) CENTRALIZED SECURITIES DEPOSITORY SYSTEM. The Bank is authorized to deposit, or to authorize a financial institution designated under Section 4 hereof to deposit, securities with a centralized securities depository system approved by the Bank. The term “centralized securities depository system” shall be deemed to include without limitation any financial institution that conforms to the procedures provided for in Subpart O of Treasury Department Circular No. 300, as set forth in 31 CFR 306, as the same may be amended, supplemented, or recodified from time to time, or such other similar procedures for the Federal Reserve Book-Entry System.

4) SAFEKEEPING OF SECURITIES. The Bank may designate one or more commercial banks, trust companies, or other financial institutions, including Federal Reserve Banks, (each, when designated, a “Custodian”) to retain, on behalf of Customer, custody of any securities for which Customer has requested the Bank to arrange safekeeping, whether such request is made before or after the date of this Circular.

5) SIGNATURE CARD AUTHORIZATION FOR SAFEKEEPING PROCESSES. In order for any Customer to conduct safekeeping business, that Customer must complete FHLB Dallas Services Signature Card(s)

(each a “Signature Card”) to authorize certain employees to conduct safekeeping functions on its behalf by requesting safekeeping options on the Signature Card(s). For purposes of this Circular, such authorized employees will be referred to as a “Safekeeping Authorized Employee”. The authorization will appear on the signature card on file with the Bank and will allow the Safekeeping Authorized Employee to authorize all safekeeping services listed in the Safekeeping Guide.

6) SECURITY SETTLEMENT INSTRUCTIONS. The Bank will accept trade settlement information input by the Customer, via the Bank’s online safekeeping transaction portal (“Transaction Portal”). Customer may also submit security settlement instructions using the Security Settlement Information Form, available by request to Member Services. Upon receipt of these settlement instructions from Customer, the Bank shall make arrangements for the securities transactions provided for therein and may charge the deposit account(s) of Customer for all costs and fees arising as a result of such securities transactions. The Bank may refuse to honor such instructions from Customer if the collected balances in the deposit account(s) of Customer are insufficient to cover such costs and fees. Transaction details related to each transaction will be posted on the Transaction Portal [immediately upon instruction] for the Customer to review. For five (5) banking days from settlement, the Customer will be able to download transactions details via the pdf icon on the Transaction Portal. The Bank recommends the Customer reviews the Transaction Portal for accuracy before the end of the same day that a transaction occurs. Failure by Customer to notify the Bank of any alleged error or defect identified on the transaction details available on the Bank’s Transaction Portal within one (1) banking day of the transaction settlement, shall constitute acceptance of and agreement by Customer. After the submittal of any instructions, it is Customer’s responsibility to check the status of the transaction.

7) TRANSACTION PORTAL ACCESS FOR SAFEKEEPING PURPOSES. Customers may conduct safekeeping business on the Bank’s Transaction Portal. To obtain access to the Bank’s Transaction Portal, Customers must submit a completed Signature Card and request Safekeeping access, available on the Bank’s SecureConnect website. If a person listed on the form is not a Safekeeping Authorized Employee, and SecureConnect Access is requested, they will have “view only” access to reports provided on SecureConnect and the Bank’s Transaction Portal.

8a) CALL BACKS ON MANUAL FREE DELIVERY INSTRUCTIONS. A free delivery of a security instructed via the Security Settlement Information Form requires the following actions: (i) two Safekeeping Authorized Employees to sign the Security Settlement Information Form, and (ii) a “Call Back” for verbal confirmation with a Safekeeping Authorized Employee. If a Safekeeping Authorized Employee is not available at the time of the initial call back, a call back request message will be left. For members that only have two Safekeeping Authorized Employees, a callback will be made with any individual that is a Safekeeping Authorized Employee. For members that have three or more Safekeeping Authorized Employees, a callback will be made with a third Safekeeping Authorized Employee. When the Safekeeping Authorized Employee returns the call, a safekeeping analyst will initiate the call back to the Safekeeping Authorized Employee to confirm the details of the trade. Not until the details of the trade are validated, will the trade be processed. The Bank will make call backs using the number listed on the signature card.

8b) CALL BACKS ON ELECTRONICALLY INSTRUCTED FREE DELIVERY INSTRUCTIONS. In accordance with market standards, a free delivery of a security instructed electronically by a Customer via the Bank’s Transaction Portal does not require a callback. The trade has been authenticated by the Customer per the controls within the Bank’s Transaction Portal.

9) SECURITIES TRANSACTIONS. The Bank shall have no duty of inquiry or otherwise with respect to the nature of or ownership of any securities held, received, or transferred hereunder or with respect to the

authority of Customer under federal or state law to enter into the transactions contemplated herein or the suitability of any securities transaction effected pursuant to the instructions of Customer. The Bank will not, and Customer acknowledges that the Bank does not, offer any investment advice with respect to securities transactions. Any pricing information provided by the Bank to Customer shall be for the sole purpose of establishing the collateral value of the securities and does not reflect a market valuation or indicative pricing of the securities and should not be relied upon for any decisions outside of Customer's collateral value at the Bank.

10) CORPORATE ACTIONS. Within a reasonable amount of time after the Custodian posts the notice of a Corporate Action affecting Customer's security, the Customer will be able to access said notice on the Bank's Transaction Portal. The Customer will receive notification of these actions on the Transaction Portal up to and including the settlement date. Corporate Actions will include information regarding whether the security is pledged to a third party or is held by the Bank as collateral for Customer's obligations to the Bank. If the security is pledged to a third party and the Corporate Action being taken is a full or partial call of the security (a "called security"), it is the Customer's responsibility to submit to the Bank, a completed Exhibit B releasing the security and provide a substitution security, if necessary, before the Bank can transfer the proceeds to the Customer's deposit account at the Bank. Funds are held until a completed exhibit B is received. If the called security is pledged to the Bank and would result in a collateral shortage to the Bank, then a CD can be purchased with the proceeds as a substitute for the security to cover Customer's obligations to the Bank, or other collateral may be provided as well before the Bank can transfer the proceeds of the called security to the Customer's deposit account at the Bank. The Bank will not transfer partial portions of payments on called securities, so substitute collateral must fully cover Customer's obligations to the third party or the Bank, as applicable, before funds are transferred to the Customer's deposit account.

11) CANCELLATION OR FAILURE OF A TRADE. Customer agrees that if it, any broker, or other third-party revokes, cancels, or fails to follow instructions for a trade or other related act (including the failure to purchase or deliver the security at the stated price to the Bank), Customer will indemnify and hold the Bank harmless for all expenses, costs, including attorneys' fees and court costs, or other liability incurred by the Bank. Customer further agrees that the Bank is not liable for any market loss or gain relating to the delay or failure to purchase or transfer a security. Any instructions which are revoked or cancelled must be timely given to the Bank before a trade is commenced. Once a trade is initiated (in process) the Bank cannot guarantee that it will be able to revoke or cancel trades at the request of or on behalf of Customer. At all times, the Bank makes no representation or warranty as to its ability to revoke or cancel a trade.

12) AUDIT CONFIRMATIONS. For its own audit requirements or for those of its depositors, Customers may request that the Bank provide certain information. Any such audit requests shall be processed upon the Bank's receipt of either (i) an Audit Confirmation Request form available on www.fhlb.com or (ii) a direct request from Customer's audit firm. Customer must include its FHFA ID on all audit requests, including those being sent directly from Customer's audit firm. Failure to include a FHFA ID will result in a delay of the requested information.

13) PROCEEDS AND EXPENSES. Payments on securities held pursuant to this Circular and the Custodial Agreement and Confirm, or cash proceeds received by the Bank arising out of transactions concerning such securities, shall be credited to the deposit account(s) of Customer with the Bank.

14) LOSSES. As between Customer and the Bank, Customer shall bear all losses arising from any actions taken with respect to securities pursuant to this Circular and the Custodial Agreement and Confirm where an act or omission, whether or not authorized, of any employee or agent of Customer contributed to such losses, and Customer shall bear all losses arising from any action taken with respect to securities pursuant to this Circular and the Custodial Agreement and Confirm where the Bank has acted on the basis of authorized instructions, unless the Bank had actual knowledge that the instructions were unauthorized.

15) FEES. Customer will pay safekeeping fees according to the Bank's fee schedules in effect from time to time. In addition, Customer will pay a fee for each transaction. The amount of the fee can vary by the type of transaction. The Bank reserves the right to change the fee schedules at any time with ten (10) business days' prior written notice to Customer. Notice shall be deemed given to Customer if posted on the Bank's website or on SecureConnect.

16) CONFIRMATIONS, REPORTS, AND STATEMENT OF ACCOUNT. The Bank, from time to time, at its discretion and as it deems appropriate, may provide to Customer confirmations of any transaction effected by the Bank or by a third party for the benefit of Customer, periodic reports, or statements of account as to securities held and securities transactions taken hereunder (all in such forms as the Bank may specify from time to time) through the Bank's Transaction Portal at the request of Customer, for a scheduled fee; provided, however, that the Bank shall in no manner be held liable as a result of the inadequacy of any confirmation, report, or statement of account or any errors contained therein or the failure to provide any confirmation or periodic report or statement of account. It is the responsibility of Customer to deliver or provide any such reports, confirmations, or statements of accounts to any third parties.

17) CHANGE OF PROCEDURES. The Bank may change procedures for handling securities trades, as set forth in this Circular or any other materials provided to Customer, at any time with ten (10) business days' prior notice to Customer. Notice shall be deemed given to Customer if posted on the Bank's website or on SecureConnect.

18) OTHER AGREEMENTS. Except to the extent inconsistent herewith, the terms and conditions of the Master Transactions Agreement between the Bank and Customer shall apply to this Circular as though set forth expressly herein.

19) CHANGE OF PHONE NUMBERS AND EMAIL ADDRESSES. Customer requests of a change of email address or phone number may be submitted via the signature card process.

20) OFFICE OF FOREIGN ASSESTS CONTROL (OFAC). When a Customer attempts to deliver securities issued by a non U.S. entity, such issuer will be passed through a scanner looking for specially designated nationals. If the scanner responds with a positive match to an entity listed on the OFAC list, the security transaction will be held until the U.S. Department of Treasury is notified and their instructions are received.

21) FORCE MAJEURE. At any time during or after a hurricane, flood, tornado, act of God, war, explosion or other similar event beyond the Bank's or Customer's control occurs, the Bank may, in its sole discretion and without notice to Customer, waive and or change the procedures for handling all Safekeeping business requests set forth in this Circular in order to address Customer's needs in the face of such events.