



# **Code of Conduct and Ethics for Employees**

A policy approved by the Board of Directors

Approval date: February 21, 2019

Effective date: February 21, 2019

## **I. Philosophy**

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

The maintenance of unusually high standards of honesty, integrity, impartiality, and conduct by employees of the Bank is essential to ensure 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 employees 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 of the Bank to view their actions and intentions objectively in order to ensure 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.

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 an employee has a business relationship, including, but not limited to:

- (i) Any corporation or organization of which the employee is an officer or partner, or in which the 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 an employee has a substantial beneficial interest or as to which the employee 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 an employee means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and any person (other than a tenant or employee) sharing the household of the employee.

“**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 \$250.00.

“**Minor child**” means a child under the age of majority under the laws of the state where the employee 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 of the Bank to any third party.

### III. Limits and Controls

<i>Area</i>	<i>Limits and Controls</i>
<hr/> <i>Use of Official Information</i> <hr/>	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> <hr/>	<p>An employee 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 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> <p style="text-align: center;"><i>These standards do not prohibit any activity that is required under, or compatible with, an employee’s duties and responsibilities to the Bank. These activities include:</i></p> <ul style="list-style-type: none"><li>• <i>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</i></li></ul>

*employee is granted terms no more favorable than would be available in like circumstances to persons who are not employees of the Bank.*

- *. The acceptance of food, refreshments and accompanying entertainment in the ordinary course of a luncheon or dinner meeting or other function when an employee 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.*

*Before accepting anything of more than minimal intrinsic value, the employee shall inform his or her immediate supervisor and obtain the supervisor's pre-approval. The supervisor shall consult with the Chief Audit Executive prior to such approval. An employee should report to his or her supervisor and the Chief Audit Executive, receipt of an unsolicited gift with a retail value of \$250 or greater. A determination, based on all the facts and circumstances, will then be made by the supervisor, after consultation with the Chief Audit Executive as to whether the gift may be retained, will be returned to the donor, or other provision for its disposition will be made.*

### ***Outside Employment and Other Activities***

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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.

## *Financial Interests*

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Except as permitted by this Code, an employee 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 the Bank. No employee 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 receives benefits or terms not otherwise available to the general public.

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 member, 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.

*An employee 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 employed by the Bank. These permitted transactions include:*

*- investment 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 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 of the Bank.*

Subject to the exceptions set forth below, no employee of the Bank, or any immediate family member of an employee, 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 employee 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 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) do not exercise any control over the investment decisions of the mutual fund or pooled investment vehicle.*

- *An employee 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 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 of the Bank owns equity securities of a member prior to his or her becoming an employee 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 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. The President may grant an exception to allow the employee to maintain his or her ownership of equity securities of a member, subject to such terms and conditions as the President may impose.*

***Exceptions to the ownership of securities of members set forth above do not relieve employees 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***

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Every employee 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***

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The Bank is prohibited by law from making contributions of any kind to candidates in federal, state, or local elections. Although an employee 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 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***

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Employees 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 employee 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***

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Employees shall cooperate fully with all duly authorized inquiries and investigations. Employees 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 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***

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In the event an employee has actual knowledge that litigation or a governmental investigation or proceeding involving the Bank is pending or threatened, the employee should immediately notify the employee's department manager and the Bank's Legal Department so that the Bank may preserve any related records pursuant to the Bank's Record Retention Policy.

***Crimes and  
Dishonesty***

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An employee 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***

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

***Separate Code of  
Ethics for Financial  
Professionals***

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The Bank’s Chief Executive Officer, Chief Financial Officer, Controller, Director of Financial Reporting, Director of Investments and Derivatives Accounting and Director of Corporate Accounting shall annually acknowledge in writing the receipt of, and compliance with, the requirements of the Code of Ethics for Financial Professionals.

***Amendments to this  
Code and the Code  
of Ethics for  
Financial  
Professionals;  
Waivers***

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This Code, the Code of Ethics for Financial Professionals, 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 employees who remain subject to and must comply with such amendment. Any amendment of, or waiver under, the Code of Ethics for Financial Professionals must be approved by the Board of Directors.

### **III. Roles and Responsibilities**

Each employee 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 employee 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, the AHP Policy or the Code of Conduct and Ethics and Conflict of Interest Policy for Directors, shall report such suspected violation through EthicsPoint or directly to one of the following individuals: the Bank’s Director of Human Resources, Chief Administrative Officer, General Counsel or the Bank’s Chief Audit Executive.

In situations involving an alleged violation of this Code by the Bank’s President and CEO, a senior officer who reports to the President and CEO, or the Chief Audit Executive, or in the event that an employee does not feel they can report the alleged violation to any of the above-mentioned people, allegations may be reported through EthicsPoint or directly to the Chairman or Vice Chairman of the Board of Directors, or the Chairman of the Board’s Compensation and Human Resources Committee.

The Bank’s Director of Human Resources and General Counsel shall investigate all alleged violations. The Chief Audit Executive shall be involved in alleged violations which involve accounting and/or internal controls. The results of any investigations shall be reported to the



Bank's Chief Administrative Officer and the Bank's President and CEO. The Bank's President and CEO shall determine the appropriate action based on the circumstances of each case. In extraordinary circumstances the Board will determine the appropriate action.

The Bank's Chief Administrative Officer will report any violations of this Code to the Board of Directors' Compensation and Human Resources Committee Chairman.

## **V. Compliance**

The Director of Human Resources is the owner of the Code of Conduct and Ethics for Employees. The Director of Human Resources is responsible for obtaining from each employee each year 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 all newly hired employees acknowledge they have reviewed, understand and agree to abide by this Code's and the AHP Policy's requirements. Evidence of this acknowledgement will be retained in the Bank's Learning Management System.

## **VI. Related Policies**

Code of Ethics for Financial Professionals

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

Affirmative Action Policy

Affordable Housing Program Conflict of Interest Policy

Record Retention Policy