

# M1 and M0 Funds

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## **I. Subject: ECB / EU Humanitarian Funds — Common Account, Signatory Limits, and Payments**

### I. Legal Status

Funds held in the ECB account, including any common account held by the bank, are public/sovereign by law. They cannot be privatized or used for discretionary payments. Signatories are administrators, not owners.

### II. Prohibited Payments

Charging 60–80% as fees to intermediaries, governments, or China, or retaining 40–50% personally, is misuse/diversion and triggers corrective action, audits, and legal liability. Only direct, documented program costs and small administrative overhead ( $\leq 15\%$ ) are legally permissible.

### III. Legal References

ECB mandate = monetary policy, price stability; cannot fund governments, China, or pay third parties

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12016E123>

EU humanitarian funds must be used for intended beneficiaries only; misuse triggers corrective action or recovery

[https://www.europarl.europa.eu/doceo/document/A-9-2024-0139\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2024-0139_EN.html)

Even under EU humanitarian guidance, funds cannot be diverted to governments, intermediaries, or China, or retained by signatories above legal limits, including from a common account

[https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures\\_en](https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures_en)

## **II. NON-POOL HUMANITARIAN AND SOVEREIGN FUNDS CAN BE PRIVATE UNDER CERTAIN CONDITIONS**

Non-pool humanitarian or sovereign funds can, under certain conditions, be private, depending on how they are structured, designated, and legally controlled.

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## Non-Pool Humanitarian Funds

Funds not held in a central or official “pool account” at the ECB, IMF, or government treasury.

Can be held by a private foundation, NGO, or corporate entity with a legal mandate to manage humanitarian projects.

The fund may be “sovereign-origin” but administered off-ledger, giving it characteristics of a private fund.

**Use must comply with the original donor or sovereign intent and maintain auditability, transparency, and compliance with AML and financial regulations.**

## III. Sovereign Funds Held Privately

Some sovereign funds are structured as sovereign wealth funds (SWFs) or trust accounts legally separate from central bank or government treasury accounts.

Funds can be managed by a private entity, trustee, or foundation under strict governance rules.

Disbursements can be structured according to agreements or projects, as long as there is legal authority and compliance.

Legal documentation (trust deed, management agreements) must specify the fund's purpose, beneficiaries, and permissible payouts. Misuse or deviation could result in civil or criminal liability, even if off ledger.

## Key Distinction & Practical Implications

Non-pool humanitarian: private if legal; must follow donor/sovereign intent

Non-pool sovereign: private if legal; must follow governing documents

Pool account humanitarian: strictly regulated; cannot be privatized

Being private does not mean free-for-all. Even non-pool funds must comply with governance rules (trust deeds, MOUs, contracts), audits, transparency, AML, tax, and international fund regulations. Private non-pool funds can be used for discretionary payouts, including fees to intermediaries, only if fully authorized and compliant.

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### IV. ECB-Held M0 & M1 FUNDS — 60–80% PAYMENTS TO THIRD PARTIES OR CHINA ARE UNLAWFUL

Funds held in the ECB account are public/sovereign by law. They cannot be privatized or used for discretionary payments.

Charging 60–80% as fees to intermediaries, governments, or China is misuse/diversion and triggers corrective action, audits, and legal liability.

Only direct, documented program costs and small administrative overhead ( $\leq 15\%$ ) are legally permissible.

\* ECB mandate = monetary policy, price stability; cannot fund governments, China, or pay third parties.

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12016E123>

\* EU humanitarian funds must be used for intended beneficiaries only; misuse triggers corrective action or recovery.

[https://www.europarl.europa.eu/doceo/document/A-9-2024-0139\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2024-0139_EN.html)

\* Even under EU humanitarian guidance, funds cannot be diverted to governments, intermediaries, or China as arbitrary fees.

[https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures\\_en](https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures_en)

### V. Subject: ECB / EU Humanitarian Funds — Signatory Limits, Common Account, and Payments:

#### I. Legal Status

Funds in the ECB account, including any common account, are public/sovereign. Signatories are administrators, not owners.

#### II. Prohibited Retention / Payments

Charging 60–80% as fees to intermediaries, governments, or China, or retaining 25–50% personally, is misuse/diversion and unlawful. Only direct project costs and small administrative overhead ( $\leq 15\%$ ) are permitted.

## M1 and M0 Funds

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### III. Consequences

Unauthorized retention triggers audits, call-backs, legal liability, and possible removal as a signatory.

### IV. Legal References

Article 123 TFEU – ECB mandate/restrictions: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12016E123>

EU Budget / Humanitarian rules – proper fund use:

[https://www.europarl.europa.eu/doceo/document/A-9-2024-0139\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2024-0139_EN.html)

EU Humanitarian Compliance Guidance – limits on diversion:

[https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures\\_en](https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures_en)

Bottom line: Signatories cannot legally retain 25–50% of ECB-held humanitarian or sovereign funds; only direct costs and legally approved overhead ( $\leq 15\%$ ) are allowed.

## **VII. [2:45 AM, 1/11/2026] Dr. C: REPORTING EXCESSIVE FEES ON ECB / EU HUMANITARIAN FUNDS**

### I. Document Everything

Keep bank statements, fee invoices, payment instructions, emails.

Note exact amounts withheld vs. legal limits ( $\leq 15\%$  overhead).

### II. Identify Proper Authority

ECB Compliance Office: <https://www.ecb.europa.eu/ecb/html/contact.en.html>

EU Anti-Fraud / OLAF: [https://ec.europa.eu/anti-fraud/home\\_en](https://ec.europa.eu/anti-fraud/home_en)

National authority if bank is in an EU member state.

### III. Submit Formal Report

State your role as authorized signatory/custodian

Specify fund source and designation

Include amounts withheld, supporting docs, and legal references

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### IV. Stay Compliant

Do not attempt to recover or pay extra funds outside legal limits. Cite:

Article 123 TFEU – ECB mandate/restrictions

EU Budget Rules – proper humanitarian fund use

EU Humanitarian Compliance Guidance – limits on diversion

### V. Escalate If Needed

ECB Executive Board / Compliance Office

European Court of Auditors

Specialized EU financial legal counsel

**Key Principle: Stay compliant by reporting formally, documenting all steps, and not making unauthorized payments.**

## VIII. ECB-Held M0 & M1 Funds

### 1. Legal Status

Both M0 and M1 held at the ECB are public/sovereign funds.

They cannot be privatized or treated as discretionary.

Any attempt to pay large portions (60–80%) to third parties, intermediaries, or China is unlawful.

### 2. Permissible Use Only direct, authorized purposes under EU/ECB law:

Monetary policy operations (M0 & reserves)

Legally approved humanitarian programs (limited and documented)

Excessive fees or payouts beyond legally recognized overheads ( $\leq 15\%$ ) are prohibited.

### 3. Consequences of Misuse

Audits, callbacks, and corrective measures

Legal liability for signatories

Suspension or freezing of fund access

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### 4. Sources / Legal References

Article 123 TFEU – ECB mandate/restrictions: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12016E123>

EU humanitarian fund rules: [https://www.europarl.europa.eu/doceo/document/A-9-2024-0139\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2024-0139_EN.html)

EU humanitarian compliance guidance: [https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures\\_en](https://finance.ec.europa.eu/publications/sanctions-commission-guidance-note-provision-humanitarian-aid-compliance-eu-restrictive-measures_en)

#### **Bottom Line:**

**Since the funds are in the ECB, they are fully public/sovereign. Paying 60–80% to third parties, intermediaries, or China is not allowed. Only documented, authorized programs or monetary operations are lawful.**