The Investment Company Act of 1940

"Investment banker" means any person engaged in the business of underwriting securities issued by other persons, but does not include an investment company, any person who acts as an underwriter in isolated transactions but not as a part of a regular business, or any person solely by reason of the fact that such person is an underwriter for one or more investment companies.

"Investment adviser" of an investment company means (A) any person (other than a bona fide officer, director, trustee, member of an advisory board, or employee of such company, as such) who pursuant to contract with such company regularly furnishes advice to such company with respect to the desirability of investing in, purchasing or selling securities or other property, or is empowered to determine what securities or other property shall be purchased or sold by such company, and (B) any other person who pursuant to contract with a person described in clause (A) regularly performs substantially all of the duties undertaken by such person described in clause (A); but does not include (i) a person whose advice is furnished solely through uniform publications distributed to subscribers thereto, (ii) a person who furnishes only statistical and other factual information, advice regarding economic factors and trends, or advice as to occasional transactions in specific securities, but without generally furnishing advice or making recommendations regarding the purchase or sale of securities, (iii) a company furnishing such services at cost to one or more investment companies, insurance companies, or other financial institutions, (iv) any person the character and amount of whose compensation for such services must be approved by a court, or (v) such other persons as the Commission may by rules and regulations or order determine not to be within the intent of this definition.

Securities Exchange Act of 1934

Section 17 -- Records and Reports

i. Investment bank holding companies

5. Definitions

For purposes of this subsection:

A. The term "investment bank holding company" means--

   i. any person other than a natural person that owns or controls one or more brokers or dealers; and

   ii. the associated persons of the investment bank holding company.

General Rules and Regulations promulgated under the Securities Exchange Act of 1934

Rule 17i-1 -- Definitions

a. For purposes of Rule 17i-1 through Rule 17i-8, the terms *investment bank holding company, supervised investment bank holding company, affiliate, bank, bank holding company, company, control, savings association, insured bank, foreign bank, person associated with an investment bank holding company and associated person of an investment bank holding company* shall have the same meaning as set forth in section 17(i)(5) of the Act.

Investorwords.com

investment bank .

An individual or institution which acts as an underwriter or agent for corporations and municipalities issuing securities. Most also maintain broker/dealer operations, maintain markets for previously issued securities, and offer advisory services to investors. investment banks also have a large role in facilitating mergers and acquisitions, private equity placements and corporate restructuring. Unlike traditional banks, investment banks do not accept deposits from and provide loans to individuals. **also called** investment banker.

Investopedia.com

What Does *Investment Bank - IB* Mean?
A financial intermediary that performs a variety of services. This includes underwriting, acting as an intermediary between an issuer of securities and the investing public, facilitating mergers and other corporate reorganizations, and also acting as a broker for institutional clients.

Abount.com

What Is an Investment Bank

An Introduction to an Investment Bank and How It Differs from Your Local Bank

By Joshua Kennon, About.com

About.com

an investment bank is a special type of financial institution that works primarily in higher finance by helping company access the capital markets (stock market and bond market, for instance) to raise money for expansion or other needs. If Coca-Cola Enterprises wanted to sell $10 billion worth of bonds to build new bottling plants in Asia, an investment bank would help them find buyers for the bonds and handle the paperwork, along with a team of lawyers and accountants.

In the next few minutes, you're learn how investment banks make their money and why they helped cause one of the greatest financial meltdowns in history.

Activities of a Typical Investment Bank

A typical investment bank will engage in some or all of the following activities:

- Raise equity capital (e.g., helping launch an IPO or creating a special class of preferred stock that can be placed with sophisticated investors such as insurance companies or banks)
- Raise debt capital (e.g., issuing bonds to help raise money for a factory expansion)
- Insure bonds or launching new products (e.g., such as credit default swaps)

- Engage in proprietary trading where teams of in-house money managers invests or trades the company's own money for its private account (e.g., the investment bank believes gold will rise so they speculate in gold futures, acquire call options on gold mining firms, or purchase gold bullion outright for storage in secure vaults).

About.com

What is an Investment Bank? Investment Bank Overview

By Justin Pritchard, About.com

Investment banks help organizations use investment markets.

For example, when a company wants to raise money by issuing stocks or bonds, an investment bank helps them through the process. Investment banks also consult on mergers and acquisitions, among other things.

Investment banks primarily work in the investment markets and do not take customer deposits. However, some large investment banks also serve as commercial banks or retail banks.

Suite101.com

What Is An Investment Bank?

Despite the name, investment banking isn't 'banking' at all - at least not in the traditional sense. Investment banks are organizations through which companies can raise funds by selling stakes (stock) of the company in exchange for cash. In simpler terms, investment banks 'take companies public' by acting as middlemen; the investment bank provides cash from investors for the company, and in return provides new shares of that company to those investors.

The process is also called underwriting. Therefore, investment bankers are sometimes referred to as underwriters.

That said, very few investment banks simply act as fund-raising facilitators any longer. Services related to the stock issuance process (often called an IPO or initial public offering) are also offered to companies raising funds through an underwriter.

How Do Investment Banks Operate?

As with all business ventures, the purpose of providing an underwriting service is to create a profit. With most fund-raising efforts, whether they be through debt (bonds or notes) or equity (stock, or shares), the investment bank keeps for themselves a nominal percentage of the funds raised in the underwriting process.

The amount of money retained as the underwriting fee can range anywhere from 3% to 20% (or more) depending on the risk or difficulty of the fund-raising process.