§ 1704. Exemptions applicable to subsidiaries; limitations generally. (a) Investments in separate account subsidiaries and in investment subsidiaries are exempt from the provisions of subsection (a) of section one thousand seven hundred five of this article and separate account subsidiaries and investment subsidiaries are exempt from the provisions of item (ii) of section one thousand seven hundred ten of this article. Investments by the parent corporation in holding company operating subsidiaries are exempt from the provisions of paragraph two of subsection (a) of section one thousand seven hundred five of this article.

(b) Subsidiaries that become such as a result of (i) the acquisition of securities received as permitted by subsection (e) of section one thousand four hundred three of this chapter or (ii) the temporary assumption of control by the owners of securities upon the happening of a contingency are exempt from the provisions of section one thousand seven hundred eight and item (ii) of section one thousand seven hundred ten of this article for one year, and from the provisions of subsection (a) of section one thousand seven hundred five of this article for five years, after becoming subsidiaries.

(c) Investments in subsidiaries engaged or organized to engage in any kind of insurance business in which the parent corporation may engage, and investments in subsidiaries engaged or organized to engage exclusively in the ownership and management of such subsidiaries, are exempt from the provisions of subsection (a) of section one thousand seven hundred five of this article.

(d) Investments made or acquired by investment subsidiaries shall be deemed, for the purposes of this chapter, to be made or acquired directly by the parent corporation (pro rata, in the case of a subsidiary less than all of whose voting securities are owned by the parent corporation, in accordance with the parent corporation's investment in such subsidiary), and shall (to such extent) be subject to all the provisions and limitations (including quantitative limits) on the making thereof specified in this chapter with respect to investments by the parent corporation.