

Solution:

Pre-emptive rights are the rights that are offered to stockholders that permits them to acquire a proportional amount of any new issues of capital stock. This means that whenever a company authorizes new shares, the shareholders with this right can buy additional stocks (before going public) so that their proportion in the capital remains same. This helps the shareholders, as more shares could have meant potentially less dividends and less vote share in a corporation. This move helps the shareholders to maintain their stance in the company in the same way.