Abstract
This paper examines the effect of the Ibex35 index revisions on the price and trading activity of a sample of 26 additions and 22 deletions during the period January 1991-December 1998. The results show that Ibex35 revisions raise (reduce) the price of the additions (deletions) especially in the day after the announcement and in the date before the effective change. The positive (negative) generating abnormal returns are neither related with information about future perspectives of the affected firms nor with changes in liquidity variables. After the effective date, prices experiment a partial (complete) reversion to its initial level in the additions (deletions). Overall the evidence obtained supports the price pressure hypothesis as an explanation of the effect in the Ibex35 revisions.

Keywords
Stock index revisions, price and volume effect, price pressure.