On 9 Nov, 2022, due to the extreme market conditions Lido has bumped into previously set conservative 10% APR limit for the stETH rebase after Oracle report. That happened due to the fact that the Oracle limit was set before the Merge hadn't accounted for potential Execution Layer rewards spikes.

No user funds or rewards are at risk. Under the current set of constraints, the rebases most likely won't happen daily before the parameters change in Lido Oracle contract. The proposed change is increasing allowed APR for Oracle report from 10% to 17.5% (1750 basis points).

The 10% yearly threshold had been chosen before the Merge and hadn't accounted for potential spikes in daily rewards accrued by the protocol. In order to prevent potentially economically vulnerable large token rebases, only 2 basis points of the stETH total supply can be accounted for rebase daily (~940 ETH at the time of writing). So, in order to accommodate for those extra 2 daily basis points, the threshold increase should be ~7.5% yearly (2 basis points * 365 days ≈7.5%). According to analysis provided in github issue, that number is considered safe enough as it's lower than the ≈28% yearly threshold.

Note that given the current set of thresholds & limits, Oracle report on 10th Nov 2022 may happen successfully. The EL rewards are have max limit to be accounted for in single report. As CL rewards are more or less consistent day-to-day, the max ~940 ETH to be accounted for during the rebase would be counted as two-days increase instead of single-day, getting the APR of the rebase under 10% threshold. To summarise, under the current limits while the EL vault holds more than the max amount to be accounted for in the single report, the rebases may happen every other day. To reiterate, in any case all the rewards accrued will be distributed to stakers.