1 Dynamic genome wide expression profiling of Drosophila head

2 development reveals a novel role of Hunchback in retinal glia cell

- 3 development and blood-brain barrier integrity
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- 18 **Abbreviations:** after egg laying (AEL), first larval stage (L1), 2nd larval stage (L2), third larval
- 19 stage (L3), Hunchback (Hb), morphogenetic furrow (MF)

21 Abstract

22 The development of different cell types must be tightly coordinated in different organs. The 23 developing head of Drosophila melanogaster represents an excellent model to study the molecular 24 mechanisms underlying this coordination because the eye-antennal imaginal discs contain the 25 organ anlagen of nearly all adult head structures, such as the compound eyes or the antennae. 26 We studied the genome wide gene expression dynamics during eye-antennal disc development 27 in *D. melanogaster* to identify new central regulators of the underlying gene regulatory network. 28 Expression based gene clustering and transcription factor motif enrichment analyses revealed a 29 central regulatory role of the transcription factor Hunchback (Hb). We confirmed that hb is 30 expressed in two polyploid retinal subperineurial glia cells (carpet cells). Our functional analysis 31 shows that Hb is necessary for carpet cell development and loss of Hb function results in abnormal 32 glia cell migration and photoreceptor axon guidance patterns. Additionally, we show for the first 33 time that the carpet cells are an integral part of the blood-brain barrier.

34 Keywords:

Drosophila melanogaster, RNA-seq, transcriptomics, gene expression, Hunchback, Hb, eye antennal imaginal disc, eye development, glia, axon guidance, blood-brain barrier, cell migration,
 polyploidy, endoreplication

39 Introduction

40 The development of complex organs is often accompanied by extensive cell- and tissue 41 rearrangements. In some extreme cases, initially simple cells undergo profound morphological 42 changes such as extensive cell fusions of muscle precursor cells to form syncytial muscle fibers 43 (Rochlin et al. 2010). In the insect nervous system, for example, initially uniform neuroectodermal 44 cells first invaginate, divide following a very defined pattern and eventually undergo morphological 45 differentiation to give rise to highly polarized neurons with long axon projections and shorter 46 dendrites (Skeath and Thor 2003; Reichert 2011). Other cell types, such as germ cells first migrate 47 long distances before coming to rest in the developing gonads (Richardson and Lehmann 2010). 48 Although these cell-type specific processes need to be tightly controlled and coordinated with 49 those of other cell types of the same and neighboring organs, the molecular mechanisms involved 50 are still poorly understood. The development of the adult Drosophila melanogaster head and the 51 visual system has been proven to be an excellent model to study the coordination of different 52 developmental processes (Atkins and Mardon 2009; María Domínguez and Casares 2005; 53 Fernando Casares and Almudi 2016; Wolff and Ready 1991; J E Treisman and Heberlein 1998; 54 Jessica E. Treisman 2013).

55 The adult D. melanogaster head is composed of the compound eyes (the main visual system), the 56 three dorsal ocelli, the antennae, the ventral mouthparts and the head capsule that connects these 57 organs and encloses the brain (Snodgrass 1935). Most of these structures develop during larval 58 stages from eye-antennal imaginal discs, which originate from about 20 cells that are specified by 59 eyeless (ey) expression at embryonic stages (Cohen 1993; Garcia-Bellido and Merriam 1969; 60 Quiring et al. 1994). Throughout larval development, the eye-antennal discs grow extensively by 61 cell proliferation resulting in discs composed of more than 15,000 cells at the beginning of pupation 62 (Kenyon et al. 2003; Fernando Casares and Almudi 2016). During the first two larval stages, the 63 initially uniform disc is subdivided into an anterior antennal and a posterior retinal compartment by

64 the action of the two opposing gradients of the morphogens Wingless (Wg) and Decapentaplegic 65 (Dpp), which subsequently activate genes responsible for antennal development (F Casares and 66 Mann 1998; P. D. Dong, Chu, and Panganiban 2000) and the retinal determination genes (Cho et 67 al. 2000; Chen et al. 1999; Cheyette et al. 1994; Kango-Singh, Singh, and Sun 2003; Mardon, 68 Solomon, and Rubin 1994; Serikaku and O'Tousa 1994; Shen and Mardon 1997; Kenyon et al. 69 2003), respectively. Approximately at the same time when the retinal part of the disc and the 70 antennal region separate during the early L2 stage, the ventral portion of the antennal part that 71 gives rise to the maxillary palp is marked by expression of the Hox gene Deformed (Dfd). This 72 subdivision within the antennal region is established by delayed expression of wg in the Anlagen 73 of the maxillary palps (Lebreton et al. 2008; V. K. Merrill et al. 1989; Anais Tiberghien et al. 2015).

74 Once the eye-antennal disc is subdivided into the different organ precursors, cells within each 75 compartment start to differentiate at L2/early L3 stages. In the retinal region, a differentiation wave 76 that is established in the posterior most part of the equator region moves anteriorly. This wave is 77 accompanied by a morphologically visible indentation, the so-called morphogenetic furrow (MF) 78 (Heberlein and Treisman 2000). Progression of the MF is mediated by Dpp-signaling within the 79 furrow and Hh-signaling from the posterior disc margin (María Domínguez and Hafen 1997; 80 Heberlein et al. 1995; J E Treisman and Heberlein 1998). Hh activated atonal (ato) expression in 81 the region of the MF becomes restricted to regularly spaced single cells posterior to the furrow (M 82 Domínguez 1999; María Domínguez and Hafen 1997). Those cells are destined to become R8 83 photoreceptors, which subsequently recruit R1-R7 photoreceptors and associated cell types, such 84 as cone and pigment cells from the surrounding cells (N E Baker and Yu 2001; Jarman et al. 1994; 85 Jarman et al. 1995).

The axons of successively forming photoreceptor cells need to be connected to the optic lobes to allow a functional wiring of the visual system with the brain. All axons are collected at the basal side of the eye-antennal disc and guided through the optic stalk throughout the L3 stage. This

89 process is supported by retinal glia cells, which originate mainly by proliferation from 6-20 glia 90 cells located in the optic stalk prior to photoreceptor differentiation (Silies et al. 2007; R 91 Rangarajan, Gong, and Gaul 1999; Choi and Benzer 1994). These retinal glia cell types include 92 migratory surface glia (including perineurial and subperineurial glia cells) and wrapping glia. 93 Triggered by the presence of developing photoreceptor cells, the retinal glia cells enter the eye-94 antennal disc through the optic stalk and migrate towards the anterior part of the disc, always 95 remaining posterior to the advancing morphogenetic furrow (R Rangarajan, Gong, and Gaul 1999; 96 Choi and Benzer 1994; Silies et al. 2007). When photoreceptors differentiate, the contact of their 97 growing axons with perineurial glia cells triggers the reprogramming of these glia cells into 98 differentiated wrapping glia, which extend their cell membranes to ensheath bundles of axons that 99 project to the brain lobes through the optic stalk (Franzdóttir et al. 2009; Silies et al. 2007; Hummel 100 et al. 2002). The basally migrating perineurial glia cells and the wrapping glia ensheathed 101 projecting axons are separated by two large polyploid carpet cells, each of them covering half of 102 the retinal field (Silies et al. 2007). The two carpet cells form septate junctions and express the G 103 protein-coupled receptor (GPCR) encoded by the moody locus, both characteristics of the 104 subperineurial surface glia type (Bainton et al. 2005; Silies et al. 2007). While subperineurial glia 105 cells located in the brain remain there to form the blood-brain barrier, the carpet cells are thought 106 to originate in the optic stalk (Choi and Benzer 1994), and during L2 and early L3 stages they 107 migrate into the eye-antennal disc. Later during pupal stages, they migrate back through the optic 108 stalk to remain beneath the lamina neuropil in the brain. However, so far it is not known, whether 109 carpet cells or other retinal glia cell types eventually contribute to the formation of the blood-eye 110 barrier, the retinal portion of the blood-brain barrier (T. N. Edwards et al. 2012; T. N. Edwards and 111 Meinertzhagen 2010). The carpet cells thus share features of subperineurial glia, but their 112 extensive migratory behavior and their function in the eye-antennal disc suggest that these cells 113 may exhibit distinct cellular features. However, so far, no carpet cell specific regulator has been 114 identified that may be involved in specifying carpet cell fate.

115 Although eye-antennal disc growth and patterning, and especially retinal determination and 116 differentiation, are among the most extensively studied processes in D. melanogaster, a 117 systematic understanding of involved genes and their potential genetic and direct interactions is 118 limited to the late L3 stage in the context of retinal differentiation (Aerts et al. 2010; Naval-Sańchez 119 et al. 2013; Potier et al. 2014). Similarly, recent attempts to incorporate existing functional and 120 genetic data into a gene regulatory network context covers mainly retinal determination and 121 differentiation processes (Koestler et al. 2015). So far, a comprehensive profiling of gene 122 expression dynamics throughout eye-antennal disc development is missing. The same holds true 123 for the molecular control of retinal glia cell development. While the transcriptome of adult surface 124 glia in the brain has been analyzed (DeSalvo et al. 2014), retinal glia cells have not been 125 comprehensively studied yet.

126 Here we present a dynamic genome wide expression analysis of *D. melanogaster* eye-antennal 127 disc development covering late L2 to late L3 stages. We show that the transition from patterning 128 to differentiation is accompanied by extensive remodeling of the transcriptional landscape. 129 Furthermore, we identified central transcription factors that are likely to regulate a high number of 130 co-expressed genes and thus key developmental processes in the different organ anlagen defined 131 in the eye-antennal disc. One of these central factors is the C2H2 zinc-finger transcription factor 132 Hunchback (Hb) (Tautz et al. 1987) that has been extensively studied in *D. melanogaster* during 133 early axis determination and segmentation (Lehmann and Nüsslein-Volhard 1987; Nüsslein-134 Volhard and Wieschaus 1980). It is also well-known for its role in the regulation of temporal 135 neuroblast identity during embryogenesis, as it determines first-born identity in the neural lineage 136 (Grosskortenhaus et al. 2005; Isshiki et al. 2001). Here we show for the first time that hb is 137 expressed in carpet cells and loss of function experiments suggest that its activity is necessary for 138 carpet cell formation and consequently for proper axon guidance and blood-brain barrier integrity. 139 Eventually, we reveal putative Hb target genes and confirm that bioinformatically predicted targets 140 are indeed expressed in developing carpet cells.

142 **Results**

143 Differential gene expression and co-expressed genes during *D. melanogaster* head 144 development

145 Although compound eye development and retinal differentiation are among the most intensively 146 studied processes in D. melanogaster, a comprehensive understanding of the underlying gene 147 expression dynamics is still missing to date. To identify the genes expressed during D. 148 melanogaster eye-antennal disc development and their expression dynamics, we performed RNA-149 seq on this tissue at three larval stages covering the process of retinal differentiation that is marked 150 by the progression of the morphogenetic furrow. The late L2 stage (72h after egg laying, AEL) 151 represents the initiation of differentiation, at mid L3 stage (96h AEL) the morphogenetic furrow is 152 in the middle of the retinal field and the late L3 stage (120h AEL) represents the end of 153 morphogenetic furrow progression. Multidimensional scaling clustering clearly indicated that the 154 largest difference in gene expression (dimension 1) was between L2 eye-antennal discs (72h AEL) 155 and L3 eye-antennal discs (96h and 120h AEL) (Figure S1).

After filtering out not expressed and very lowly expressed genes, we observed that 9,194 genes were expressed at least in one of the three sequenced stages. As anticipated by the multidimensional scaling plot (Figure S1), the number of genes that changed their expression between 72h AEL and 96h AEL was much larger than between 96h AEL and 120h AEL, (Table S1). In only 24 hours, during the transition from L2 to L3, 60% of the expressed genes changed their expression significantly. In the transition from mid L3 to late L3, in contrast, only 22% of the genes underwent a change in their expression.

In order to better characterize the different expression dynamics of the expressed genes, we
performed a co-expression clustering analysis based on Poisson Mixture models (Rau et al. 2015).
Manual comparison of the different outputs showed that the 13 clusters predicted by one of the

166 models (Djump, (Baudry et al. 2012)) were non-redundant and sufficiently described all the 167 expression profiles present in the data. A total of 8,836 genes could be confidently placed in one 168 of these clusters (maximum a posteriori probability (MAP) > 99%). We ordered the predicted 13 169 clusters according to their expression profile (Figure 1): four clusters contained clearly early 170 expressed genes, two of them contained genes expressed only at 72h AEL (cluster 1 and 2) and 171 two contained genes predominantly expressed early, but also with low expression at 96h and/or 172 120h AEL (clusters 3 and 4); one cluster showed down-regulation at 96h AEL, but a peak of 173 expression again at 120h AEL (cluster 5); the genes in the largest clusters showed almost constant 174 expression throughout the three stages (clusters 6 and 7); one cluster showed constant 175 expression at 72h AEL and 96h AEL and down-regulation at 120h AEL (cluster 8); one cluster 176 showed a peak of expression at 96h AEL (cluster 9) and four clusters contained genes with 177 predominantly late expression, one with high and constant expression at 96h AEL and 120h AEL 178 (cluster 10), two with up-regulation in both transitions (cluster 11 and cluster 12) and one with 179 genes expressed only at 120h AEL (cluster 13).

180 A GO enrichment analysis for the genes in the individual clusters showed that the genome-wide 181 co-expression profiling and subsequent ordering of the clusters recapitulated the consecutive 182 biological processes that take place during eye-antennal disc development with a great resolution 183 (Figure 1, Table S2). For instance, we found genes related to energy production mainly in clusters 184 2 and 3, while genes more specific for terms related to mitosis and cell cycle were found in clusters 185 4, 8 and 9, where genes have higher relative expression at 96h AEL than 72h AEL. Similarly, 186 cluster 10 contained the more general term "imaginal disc development", while cluster 12 showed 187 enrichment for "compound eye morphogenesis", and cluster 13 was the only with enriched terms 188 related to pupation processes and pigmentation. Although we sequenced the entire eye-antennal 189 discs, we found many GO terms related to eye development with high enrichment scores, while 190 very few GO terms specific for antenna and maxillary palps were observed (e.g. in cluster 12 "eye 191 development" appears with p=4.38e-24, "antennal development" with p=4.37e-08 and no GO

terms related to maxillary palps were found) (Table S2). However, many GO terms related to leg formation and proximodistal pattern formation were highly enriched in the genes in cluster 9 ("proximaldistal pattern formation" with p=4.48e-05), cluster 10 ("leg disc development" with p=7.85e-20) and cluster 12 ("leg disc development" with p=4.32e-12) (Table S2). The assignment of all expressed genes to their corresponding cluster is available along with the GEO submission number GSE94915.

In summary, we showed that clusters with early expressed genes mainly represent metabolic and
energy related processes, while clusters with late expressed genes represent more organ specific
differentiation and morphogenetic processes.

201 Transcription factors regulating *D. melanogaster* head development

202 The co-expression of genes observed in the 13 clusters may be a result of co-regulation by the 203 same transcription factors or combinations thereof. In order to test this hypothesis and to reveal 204 potential central upstream regulators, we used the i-cis Target method (Herrmann et al. 2012) to 205 search for enrichment of transcription factor binding sites in the regulatory regions of the genes 206 within each of the 13 clusters (Figure 1, Table S3). As basis for this enrichment analysis various 207 experimental ChIP-chip and ChIP-seq datasets were used, namely those published by the 208 modENCODE Consortium (Celniker et al. 2009), the Berkeley Drosophila Transcription Network 209 Project (X. Li et al. 2008) and by the Furlong Lab (Zinzen et al. 2009; Junion et al. 2012).

One of the most noticeable results of the statistical ranking analysis was that genes in 9 of the 13 clusters showed significant enrichment for Nejire binding sites (Figure 1). Nejire (also known as CREB-binding protein (CBP)) is a co-factor already known to be involved in many processes of eye development and patterning (Justin P Kumar et al. 2004). Similarly, Pannier that has been shown to play at least two important roles during eye-antennal disc development (Singh et al. 215 2005; Singh and Choi 2003; Oros et al. 2010) was found enriched to regulate the genes of many
216 clusters (clusters 2, 4, 6, 7, 8, 9 and 11).

217 Besides these highly abundant transcription factors, the clusters with genes predominantly 218 expressed at later stages were also enriched for transcription factors already known to play a role 219 in eye-antennal disc development. For instance, a significant number of Sloppy-paired 1 (Slp1) 220 target genes are up-regulated at L3 stage (cluster 12) and this transcription factor is known to play 221 a critical role in establishing dorsal-ventral patterning of the eye field in the eye-antennal disc (Sato 222 and Tomlinson 2007). A function of Daughterless (identified in cluster 13) is also described: it is 223 expressed in the morphogenetic furrow, it interacts with Atonal and is necessary for proper 224 photoreceptor differentiation (Brown et al. 1996). Finally, Snail (enriched in cluster 1 and 13) and 225 Twist (enriched in cluster 12) were previously identified as possible repressors of the retinal 226 determination gene dachshund (dac) (Anderson, Salzer, and Kumar 2006) and our results could 227 indicate that they regulate also other genes during eye-antennal disc development.

Cluster 5 contained genes that show a peak in expression at 72h AEL and 120h AEL stages, which precede major stage transitions from L2 to L3 and from L3 to pupa stage, respectively. These transitions are characterized by ecdysone hormone pulses before larval molting and pupation (T. Li and Bender 2000). Intriguingly, the only potential transcription factor binding site that was significantly enriched was that of the Ecdysone Receptor (EcR), that has been shown to be expressed in the eye-antennal disc in the region of the progressing morphogenetic furrow (Brennan et al. 1998).

The identification of many well-known transcription factors suggests that the applied clustering approach indeed allows identifying key regulators of various processes taking place throughout eye-antennal disc development. Interestingly, we identified a few generally well-known upstream factors for which a potential role during eye-antennal disc development has not yet been described. For instance, in clusters of very early expressed genes, we found an enrichment of 240 motifs for the transcription factor Caudal (Cad) (cluster 1 and 2) and the Hox protein Fushi tarazu 241 (Ftz) (cluster 1). The MADS-box transcription factor Myocyte enhancer factor 2 (DMef2) was predicted to regulate genes found in clusters 2, 4 and 12 (Figure 1). Using two independent 242 243 Dmef2-Gal4 lines to drive GFP expression, we confirmed expression of Dmef2 in lose cells 244 attached to the developing eye-antennal discs (Figure S2). Eventually, we found an enrichment 245 of potential target genes of the C2H2 zinc-finger transcription factor Hunchback (Hb) in clusters 246 12 and 13, which are active mainly during mid and late L3 stages. Since GO terms enriched in 247 these two clusters suggested an involvement in retinal development or neurogenesis (Figure 1), 248 we examined a potential function of Hb in the eye-antennal disc in more detail.

249 *hb* is expressed in retinal subperineurial glia cells

250 Using *in-situ* hybridization we found *hb* expression in two cell nuclei at the base of the optic stalk 251 in the posterior region of late L3 eye-antennal discs (Figure 2A). With a Hb antibody we also 252 detected the Hb protein in these two basally located nuclei (Figure 2B). DNA staining with DAPI 253 showed that the Hb-positive nuclei are bigger than those of surrounding cells, suggesting that they 254 are polyploid. Additionally, we tested two putative Gal4 driver lines obtained from the Vienna Tile 255 library (Pfeiffer et al. 2008) (VT038544; Figure 2C and VT038545; Figure S3). Both lines drove 256 reporter gene expression in the two polyploid nuclei as described above. Note that both lines also 257 drove the typical hb expression in the developing embryonic nervous system, but not the early 258 anterior expression (Jiménez and Campos-Ortega 1990; Kambadur et al. 1998) (not shown). The 259 regulatory region covered by the two Gal4 driver lines is located at the non-coding 3' end of the 260 hb locus accessible to DNA-binding proteins at embryonic stages 9 and 10 (X. Li et al. 2008) 261 (Figure S4), a time when early-born neuroblasts express hb (Grosskortenhaus et al. 2005). The 262 lack of the early anterior expression may be explained by the fact that the DNA region covered by 263 the driver lines does not seem to be bound by Bicoid during early embryonic stages (X. Li et al. 264 2008) (Figure S4). Based on these findings, we are confident that the regions covered by the two
265 Gal4 driver lines (VT038544 and VT038545) recapitulate native *hb* expression.

The basal location of the *hb*-positive cells suggests that they may be retinal glia cells. Coexpression of *hb* with the pan-glial marker Repo (Figure 3A) further supported this suggestion. Previous data has shown that two polyploid retinal subperineurial glia cells (also referred to as carpet cells) cover the posterior region of the eye-antennal disc (Choi and Benzer 1994; Silies et al. 2007). In order to test, whether *hb* may be expressed in carpet cells, we first investigated the expression of the subperineurial glia marker Moody (Schwabe et al. 2005) and we found a clear co-localization with Hb (Figure 3B).

273 Carpet cells migrate through the optic stalk into the eye-antennal disc during larval development 274 (Choi and Benzer 1994; Silies et al. 2007). Therefore, we followed the expression of the hb driver 275 lines throughout late L2 and L3 larval stages (Figure 4). Already at the L2 stage, we could easily 276 recognize the *hb*-positive cell nuclei by their large size (Figure 4A, A'). We could corroborate that 277 these cells indeed migrated through the optic stalk during late L2 and early L3 stages (Figure 4A. 278 B), and then entered the disc and remained basally in the posterior region of the disc, flanking the 279 optic stalk (Figure 4C, C"). As previously observed for carpet cells (Silies et al. 2007), we never 280 found *hb*-positive cell nuclei in the midline of the retinal field.

Taken together, these data show that *hb* is expressed in two polyploid retinal subperineurial glia cells (carpet cells) that enter the basal surface of the eye-antennal disc through the optic stalk during larval development.

284 Hb function is necessary for the presence of polyploid carpet cells in the 285 eye-antennal disc

The expression of *hb* in carpet cells suggested an involvement in their development. To test this hypothesis, we examined loss of Hb function phenotypes based on RNA interference (RNAi) 288 driven specifically in subperineurial glia cells (moody-Gal4 driving UAS-hbdsRNA). Of four tested 289 UAS-hbdsRNA lines we used the most efficient line (see Materials and Methods) for the RNAi knock-290 down experiments. Additionally, we investigated eve-antennal discs of a temperature sensitive mutant (Hb^{TS}) (Bender, Turner, and Kaufman 1987). Since Hb is necessary during embryogenesis 291 292 (Nüsslein-Volhard and Wieschaus 1980; Lehmann and Nüsslein-Volhard 1987), the analyzed flies 293 were kept at 18°C during egg collection and throughout embryonic development, and they were 294 only transferred to the restrictive temperature of 28°C at the L1 stage. Carpet cell nuclei were 295 identified by α -Repo staining because of their large size and their specific position (Figure 5A; see 296 also Figure 4B' and 4C').

297 The most common phenotype observed in late L3 eye-antennal discs of RNAi and mutant flies 298 was the absence of one or both carpet cell nuclei (Figure 5A-C). In wild type animals, we could 299 unambiguously identify two carpet cell nuclei in 72% of the eye-antennal discs. In 21% of the 300 analyzed discs, we found only one carpet cell nucleus (Figure 5D). In contrast, in 35% to 40% of 301 the studied Hb loss of function discs only one carpet cell nucleus was observed (Figure 5B and 302 D). In some cases, this single polyploid Repo-positive nucleus was located in the midline of the 303 retinal field (Figure 5B). No carpet cell nuclei could be observed in 24% and 38% of the eveantennal discs originating from *moody*>>*hb*^{dsRNA} and Hb^{TS} flies, respectively (Figure 5C and D). 304 305 Note that we obtained comparable results when we expressed the hb dsRNA in all glia cells 306 (repo>>hb^{dsRNA}; not shown) or only in subperineurial glia cells (moody>>hb^{dsRNA}).

To identify larval stages at which Hb function is crucial for carpet cell development, we transferred Hb^{TS} flies to the restrictive temperature of 28°C at 24h AEL (early L1 stage), at 48h AEL (late L1), at 72h AEL (late L2) or 96h AEL (mid L3 stage) and assessed the presence of polyploid Repopositive carpet cell nuclei in late L3 eye-antennal discs, respectively. In all cases, we found a significant reduction of the number of carpet cell nuclei when compared to control discs (Figure 5E). Although no clear significant differences in the number of carpet cells was detected between

the consecutive experiments (Figure S5), our results show that Hb function is necessary for thepresence of polyploid carpet cell nuclei throughout larval development.

315 Loss of Hb function affects retinal glia cell migration and axon guidance

The observed loss of polyploid carpet cell nuclei could be a result of either the loss of the entire carpet cells, incomplete migration into the eye-antennal disc or loss of the polyploidy. To distinguish between these options, we tested whether also the carpet cell membranes were affected upon loss of *hb* expression, in addition to the polyploid nuclei. To this aim, we expressed *hb*_{dsRNA} specifically in subperineurial glia cells with a *moody*-Gal4 driver line together with a strong membrane marker (20xUAS-mCD8::GFP) to label the extensive carpet cell membranes (Figure 6).

323 In control discs (moody>>20xmCD8::GFP) the two carpet cell membranes spanned the entire 324 posterior region of the eye-antennal disc from the optic stalk to the morphogenetic furrow (Figure 325 6A). In contrast, in some of the knock-down (moody>>20xmCD8::GFP; moody>>hb^{dsRNA}) eye-326 antennal discs with no clear polyploid carpet cell nuclei, we detected moody-positive membranes 327 that remained in the optic stalk and did not span the entire retinal field of the eye-antennal disc 328 (Figure 6B). In cases where one clear carpet cell nucleus was observed, the location of moody-329 positive cell membranes in eve-antennal discs depended on the location of the remaining nucleus. 330 If the nucleus was located on one side of the eye-antennal disc, we observed moody-positive 331 membranes more unilaterally (Figure 6C), while the membrane was present in the center of the 332 disc if the polyploid nucleus was located centrally (Figure 6D).

It has been shown that the extensive cell bodies of carpet cells provide a scaffold for other retinal glia cells that migrate into the eye-antennal disc, pick up differentiating photoreceptor axons and guide them through the optic stalk into the optic lobe (Choi and Benzer 1994; R Rangarajan, Gong, and Gaul 1999). In accordance with this known function, we observed irregular and patchy patterns of Repo-positive cells in late L3 Hb loss of function eye-antennal discs, suggesting impaired glia cell migration into the eye-antennal disc (compare Figure S6B to S6A). Additionally, we used HRP staining to visualize axon projections in late L3 eye-antennal discs. While axonal tracts were regular in control eye-antennal discs, we found unorganized axon projections upon loss of *hb* expression (compare Figure S6B' to S6A').

342 Loss of Hb function results in blood-brain barrier defects

343 Subperineurial glia cells cover the entire surface of the brain from larval stages onwards. They are 344 an integral part of the protective blood-brain barrier by establishing intercellular septate junctions 345 (Carlson et al. 2000). The blood-brain barrier prevents the substances that circulate in the 346 hemolymph to enter the brain and helps maintaining the proper homeostatic conditions of the 347 nervous system (J. S. Edwards, Swales, and Bate 1993). Since it has been shown that the carpet 348 cells migrate through the optic stalk towards the brain during pupal stages (T. N. Edwards et al. 349 2012), we tested, whether the loss of hb expression in developing carpet cells had an effect on 350 the integrity of the blood-brain barrier.

351 To this aim, we injected fluorescently labeled dextran into the abdomen of moody>>hb^{dsRNA} adult 352 flies and scored the presence of this dye in the retina of the flies. Animals with a properly formed 353 blood-brain barrier showed a fluorescent signal in their body, but not in the retina (Figure 7A). 354 However, in animals that had an incomplete blood-brain barrier, the dextran penetrated into the 355 retina and fluorescence was observed in the compound eyes (Figure 7A'). Since it is known that 356 blood-brain barrier permeability can increase after exposure to stress conditions (H. S. Sharma 357 and Dey 1986; Skultétyová, Tokarev, and Jezová 1998), we only scored animals that survived 358 24h after the injection of dextran. In most cases, the two eyes of an individual presented different 359 fluorescent intensities, and even no fluorescence in one eye but strong signal in the other. Therefore, we scored each eye separately. *moody*>>*hb*^{dsRNA} flies had a significantly higher rate of 360

fluorescent retinas (p = 8.08e-7, χ^2 test), indicating that their eyes were not properly isolated from the hemolymph circulating in the body cavity (Figure 7B).

In summary, our loss of function experiments further confirmed a central role of Hb in carpet cell development. Besides impaired retinal glia cell migration and axon guidance, we showed that upon loss of Hb function also the blood-brain barrier integrity is disrupted.

366 Expression of putative Hb target genes in eye-antennal discs

367 Since we have identified Hb because of an increase in expression of its target genes during 96h 368 and 120h AEL stages and hb itself is only expressed in carpet cells, we also investigated, whether 369 some of the targets were expressed in these cells. Using available ChIP-chip data for Hb from the 370 Berkeley Drosophila Transcription Network Project (BDTNP) (X. Li et al. 2008), we generated a 371 high confidence list of 847 putative Hb target genes (see Materials and Methods for details), of 372 which 585 were expressed in eye-antennal discs at least in one of the studied stages. More 373 precisely, we found that 267 of these genes were differentially expressed in the transition from 374 72h to 96h AEL and only 52 were differentially expressed between 96h and 120h AEL (Figure 8, 375 Table S4). In both cases, most of these genes were up-regulated, suggesting that Hb mainly 376 activates target gene expression in the eye-antennal disc. Focusing only on those target genes 377 that resulted in the identification of Hb in our clustering approach (see above), we found that 77 378 of the 585 expressed putative Hb targets were present in clusters 12 and 13. We searched the 379 GO terms for biological functions of these 77 genes and found that 17 code for transcription factors 380 and up to 25 code for proteins integral to the cell membrane. A number of GO terms were related 381 to neuronal development and eye development and to note is the presence of genes known to be 382 related to glia cell migration and endoreduplication (Table S5).

Based on their annotated GO terms, predicted or known cellular location and the availability of
 driver lines and antibodies, we selected 13 of these target genes and tested if they were expressed

385 in carpet cells at 120h AEL. For 8 out of the 13 selected targets we found no clear expression 386 related to carpet cells (archipelago (ago), Delta (DI), knirps (kni), rhomboid (rho), roundabout 3 387 (robo3), Sox21b, Src oncogene at 64B (Src64B) and thickveins (tkv), not shown). This could be 388 because they were false positives, but they could also be expressed at earlier stages than 389 analyzed here or the used driver constructs did not include the regulatory regions to drive 390 expression in carpet cells. brinker (brk), Cadherin-N (CadN), cut (ct), Fasciclin 2 (Fas2) and 391 sprouty (sty) showed expression in carpet cells (Figure 9). brinker (brk) was ubiquitously 392 expressed in the eye-antennal disc (not shown). Although we could only observe expression in 393 one of the two cells in every eye-antennal disc we analyzed, CadN is clearly expressed in carpet 394 cells (Figure 9A). Recent data demonstrated that CadN, a Ca⁺ dependent cell adhesion molecule, 395 is necessary for the proper collective migration of glia cells (A. Kumar et al. 2015), a key feature 396 of carpet cells. As it has previously been published, cut is expressed in subperineurial glia cells 397 (Figure 9B) (Bauke et al. 2015). The Cut protein is present in carpet cells already at L2 stage and 398 remains until late L3 stage (Figure 9B, earlier stages not shown). It has been shown that Cut is 399 necessary for proper wrapping glia differentiation and to correctly form the large membrane 400 processes that these cells form (Bauke et al. 2015). Interestingly, carpet cells have a similar 401 morphology, with very large membrane surface and extensive processes that reach to the edge 402 of the retinal field. In contrast, retinal perineurial glia do not have this morphology and do not 403 express cut. Also, Fas2 (Figure 9C) and sty (Figure 9D) were clearly expressed in carpet cells as 404 well as in several other cells in the eye-antennal disc. Sty and Fas2 are negative regulators of the 405 EGFR signaling pathway that is involved in retinal glia cell development and photoreceptor 406 differentiation (Sieglitz et al. 2013; Jarvis 2006; Bogdan and Klämbt 2001; Kim and Bar-Sagi 2004; 407 Kramer et al. 1999; Mao and Freeman 2009).

In summary, we showed that 5 of the 13 computationally predicted Hb target genes that we tested,
were expressed in carpet cells, suggesting that our bioinformatic pipeline allows the identification
of new potential regulators of carpet cell development.

412 **Discussion**

413 Expression dynamics and clustering recapitulates developmental processes

Although compound eye development is one of the most extensively studied processes in *D. melanogaster*, a comprehensive understanding of genome wide gene expression dynamics is still missing. We performed a genome wide expression study of eye-antennal discs from three larval stages representing late patterning processes and the onset of differentiation (late L2, 72h AEL), differentiation progression (mid L3, 96h AEL) and the completion of the differentiation wave (wandering L3, 120h AEL).

420 Our data showed that 9,194 of all annotated D. melanogaster genes are expressed in the 421 developing eve-antennal disc. We found extensive remodeling of the transcriptomic landscape 422 with 60% of all expressed genes significantly changing their expression profile during the transition 423 from late L2 stages to mid L3 stages. It has been shown that early eye-antennal disc stages are 424 mainly characterized by patterning processes that are necessary to subdivide the initially uniform 425 disc into the organ anlagen for the antennae, the maxillary palps, the compound eyes, the dorsal 426 ocelli and the head cuticle (V. K. L. Merrill, Turner, and Kaufman 1987; Pichaud and Casares 2000; Baonza and Freeman 2002; Aguilar-Hidalgo et al. 2013; Cho et al. 2000; Lebreton et al. 427 428 2008; María Domínguez and Casares 2005; Kenyon et al. 2003). Within organ-specific domains, 429 further patterning processes define for instance the dorsal ventral axis in retinal field (Cavodeassi 430 et al. 1999; Yang, Simon, and McNeill 1999; Oros et al. 2010) or the proximal-distal axis of the 431 antennae (Morata 2001). Additionally, the discs grow extensively throughout L1 and L2 stages 432 mainly by cell proliferation (J P Kumar and Moses 2001; Kenyon et al. 2003). With our data, we 433 provide a first glimpse of the gene expression dynamics underlying this fundamental change from 434 predominantly patterning and proliferation processes to the onset of differentiation. Accordingly, 435 the genes active at the late L2 stage were mostly involved in metabolic processes and generation

of energy. At the end of L2 stages, the patterning processes are mostly concluded and
differentiation starts within each compartment. For instance, in the retinal field the progression of
the differentiation wave is accompanied by a reduction in cell proliferation (Wolff and Ready 1991;
Jessica E. Treisman 2013). Therefore, mostly genes related to cell differentiation, nervous system
development, pattern specification and compound eye development were significantly upregulated at the mid L3 stage.

442 On the level of transcriptome dynamics, the transition from the mid L3 stage to late L3 was less 443 pronounced, since only 22% of the expressed genes changed their expression. Interestingly, in 444 this transition again genes related to metabolism and energy production were down-regulated. 445 This can be explained by the fact that at 96h AEL the disc has not yet reached its final size, and 446 cells anterior to the morphogenetic furrow still proliferate (Jessica E. Treisman 2013). Also, directly 447 behind the morphogenetic furrow one last synchronous cell division takes place to give rise to the 448 last cells of the photoreceptor clusters (R1, R6 and R7) (Baonza and Freeman 2002; Jessica E. 449 Treisman 2013). In the light of an ongoing differentiation, the GO terms of genes active at the late 450 L3 stage were also similar to those enriched in the transition from late L2 to mid L3. However, in 451 this case some terms related to later processes were obtained such as R7 cell differentiation or 452 pigment metabolic process, processes taking place late during eye-antennal disc development 453 (Jessica E. Treisman 2013).

The discrepancy between the number of differentially expressed genes in the two studied transitions may in part also be because only female discs were analyzed between 96h and 120h AEL, while we compared mixed males and females at 72h AEL with only females at 96h AEL during the first transition. Since about one third of all genes in *D. melanogaster* show signs of sexspecific expression (Daines et al. 2011), the differentially expressed genes in the first transition may also include some male or female biased genes. This dataset could be an excellent starting point for a comprehensive genome wide analysis of sex-specific gene expression during head

development because it has been shown that a strong sexual dimorphism in eye size and head
shape exists in *D. melanogaster* (Posnien et al. 2012).

463 Our clustering of expressed genes based on their dynamic expression profiles resulted in 13 non-464 redundant clusters (Figure 1), which represent a much more defined representation of the dynamic 465 expression changes during eye-antennal disc development. For example, cluster 7 grouped genes 466 that were similarly high expressed at 72h and 96h AEL, and their expression decreases at 120h 467 AEL. The known genes in this cluster have been described to be related to DNA replication and 468 cell cycle control (Table S2), which corresponds with the fact that active proliferation takes place 469 at these stages (Baonza and Freeman 2002). Thus, other genes that were grouped in this cluster, but for which no previous knowledge is available, are likely also related to these biological 470 471 functions. Similarly, genes up-regulated in the later stages were separated in more specific 472 clusters, and most of the enriched GO terms are related to differentiation and neuron and eye 473 development. Members of well-known developmental signaling pathways such as EGFR, Notch 474 and cell cycle related genes (e.g. CycE) were present in cluster 9 that grouped genes with similarly 475 high expression at 96h AEL and 120h AEL (Figure 1). Among genes, which steadily increased in 476 expression throughout the three studied stages (cluster 11), we found for instance Delta (DI), 477 which is one of the Notch receptor ligands (Nicholas E. Baker 2000) and has been shown to fulfill 478 different roles during eve development (Frankfort and Mardon 2002; Kurata et al. 2000; J P Kumar 479 and Moses 2001). Also, anterior open (aop) (also known as yan), which is described to repress 480 photoreceptor differentiation (O'Neill et al. 1994) and also to determine R3 photoreceptor identity 481 (Weber et al. 2008) was present in this cluster. Cluster 4 grouped genes that were highly 482 expressed only at late L3 stage, and correspondingly showed enrichment for genes involved in 483 pigmentation and pupariation (Table S2).

Although, we dissected and sequenced full eye-antennal discs and this tissue contributes to the formation of various organs, the GO enrichment analysis predominantly revealed terms related to 486 general cellular and metabolic processes and retina development. The lack of terms related to 487 antennae or maxillary palp development may be a result of much more extensive research on eye 488 specific developmental processes in comparison to the other organs that develop from the same 489 imaginal disc. However, we revealed various clusters (e.g. clusters 9, 10 and 12) in which GO 490 terms related to leg formation and proximal-distal pattern formation are highly enriched (Table S2). 491 Since antennae and maxillary palps are serially homologue to thoracic appendages, pathways 492 involved in leg, antenna and maxillary palp development are likely to share key regulators (Abu-493 Shaar and Mann 1998; Campbell and Tomlinson 1998; Dey et al. 2009; Cummins et al. 2003; P. 494 D. S. Dong, Dicks, and Panganiban 2002; Jockusch and Smith 2015; Morata 2001; P. D. Dong, 495 Chu, and Panganiban 2000), suggesting that genes found in these clusters may also play a role 496 in antenna or maxillary palp development.

In summary, we could show that the clustering of genes based on their expression profiles throughout different stages recapitulated the processes underlying eye-antennal disc development exceptionally well. All these observations demonstrate that this comprehensive dataset can be a useful resource to identify new genes involved in the regulation of individual organ development from a common imaginal tissue.

502 Identification of central transcription factors involved in eye-antennal disc development

503 It has previously been shown that co-expression of genes is likely to be a result of regulation by 504 similar or even the same transcription factors (Ideker et al. 2001; Tavazoie et al. 1999; Lee et al. 505 2002; Allocco, Kohane, and Butte 2004; Altman and Raychaudhuri 2001). This basic assumption 506 has been successfully used to identify central transcriptional regulators in developmental gene 507 regulatory networks (MacArthur et al. 2009; Kemmeren et al. 2014; Deplancke et al. 2006; Ciofani 508 et al. 2012; Yosef et al. 2013; Potier et al. 2014; Junion et al. 2012). The combination of our 509 clustering of dynamic expression profiles with potential transcription factor enrichment within each 510 cluster thus has the potential to reveal key regulators of eye-antennal disc development.

511 Central and pleiotropic transcriptional regulators are expected to regulate target genes present in 512 different clusters. Accordingly, we found the CREB-binding protein (CBP), also known as Nejire, 513 enriched to regulate genes in nearly all clusters (Figure 1). This zinc-finger DNA binding protein is 514 a co-activator that can act as bridge for other transcription factors to bind specific enhancer 515 elements (Dai et al. 1996; Kwok et al. 1994; McManus and Hendzel 2001), which can explain why 516 we find it to regulate such many target genes. Nejire/CBP has been shown to be involved in many 517 processes during eye development and patterning in *D. melanogaster* (Anderson, Bhandari, and 518 Kumar 2005; Justin P Kumar et al. 2004) and mutations in this gene cause the Rubinstein-Taybi 519 syndrome in humans (Petrif et al. 1995) that among others is characterized by extensive problems 520 during retinal development (van Genderen et al. 2000).

521 Similarly, the GATA transcription factor Pannier is involved in the establishment of the dorsal-522 ventral axis of the retinal field of the discs during early L1 and L2 stages (Singh et al. 2005; Singh 523 and Choi 2003), while later during L2 and L3 stages it is known to have a role in defining the head 524 cuticle domain by repressing eye determination genes (Oros et al. 2010; Singh and Choi 2003). In both cases, Pannier is found in a very upstream position of the respective gene regulatory 525 526 networks that define these cell fates (Maurel-Zaffran and Treisman 2000; Oros et al. 2010). 527 However, despite this well-characterized function during head and eye development little is known 528 about the target genes of Pannier. According to its important central role, we found Pannier 529 enriched to regulate genes in seven out of thirteen clusters. The high number of target genes 530 identified here are prime candidates for further functional analyses to characterize the gene 531 regulatory network downstream of Pannier in more detail.

532 Besides the very central and general transcriptional regulators, we also identified one very specific 533 cluster that is enriched for genes predominantly regulated by the Ecdysone receptor (EcR) (cluster 534 5, Figure 1). The fact that this cluster contains mainly genes active at 72h AEL and 120h AEL 535 stages, which represent major stage transitions, confirms that dynamic expression profiling and

536 subsequent clustering can yield highly process specific results. Interestingly, the interpretation of 537 ecdysone related hormonal control has been shown to regulate various aspects of eye-antennal 538 disc development. First, a very general role of ecdysone is to trigger stage transitions, which are 539 characterized by ecdysone hormone pulses before larval molting and pupation (T. Li & Bender, 540 2000). Second, ecdysone signaling has been shown to promote tissue growth in imaginal discs in 541 general and in the eye-antennal disc specifically (Herboso et al. 2015). Third, the progression of 542 the morphogenetic furrow during eve development is dependent on ecdysone signaling (Brennan 543 et al. 1998). Although the Ecdysone receptor is expressed in the region of the MF, it has later 544 been reported that the ecdysone response is transmitted by the Broad-complex (Brennan et al. 545 2001; Brennan et al. 1998). Our data provides a set of 282 potential target genes of the Ecdysone 546 receptor and thus represents an excellent starting point to further study the role of ecdysone 547 signaling during eye-antennal disc development. For instance, the target genes could be used to 548 reveal tissue specific genes to understand how a global signal, such as ecdysone can trigger a 549 tissue specific response. Furthermore, our data may be helpful in elucidating the role of the 550 Ecdysone receptor during eye development in *D. melanogaster*.

551 Identification of potential novel regulators of eye-antennal disc development

552 The identification of transcription factors with already well-described central roles during eye-553 antennal disc development suggests that also new important transcriptional regulators can be 554 identified. For instance, the transcription factor Caudal was found to putatively regulate many 555 genes in the first two clusters of very early expressed genes (Figure 1, cluster 1 and 2). It has 556 been described that Caudal is a downstream core promoter activator (Juven-Gershon, Hsu, and 557 Kadonaga 2008) and very recently it has been found that it cooperates with Nejire to promote the 558 expression of the homeobox gene fushi tarazu (ftz) (Shir-Shapira et al. 2015). Since Ftz was also 559 found enriched to regulate genes in a cluster of early expressed genes (cluster 1), our results 560 suggest that these three factors could also be acting together during early D. melanogaster eyeantennal disc development. Additionally, a Caudal-like transcription factor binding motif has been
identified within Sine oculis (So) bound DNA fragments as identified by ChIP-seq (Jusiak et al.
2014), suggesting that So and Cad may co-regulate potential target genes in the eye-antennal
disc.

565 Another unexpected result was the identification of the MADS-box transcription factor Myocyte 566 enhancer factor 2 (DMef2) as being predicted to regulate a number of genes in various clusters. 567 DMef2 is crucial for the development of muscle and heart tissue (Gunthorpe, Beatty, and Taylor 568 1999). It is expressed in all mesodermal cells during blastoderm stages and its expression gets 569 restricted by the action of the transcription factors Twist and Tinman (Lilly et al. 1994; Nguyen et 570 al. 1994). The detection of *Dmef2* expression in lose cells attached to the developing eye-antennal 571 discs (Figure S2) confirmed that our result is not an artefact, but rather specific. Although these 572 cells are not considered being part of the disc proper, but rather belong to the peripodial 573 membrane, these cells could be precursors of future head muscles. However, some recent 574 findings could hint towards an important role of this transcription factor in eye development. It has 575 recently been reported that DMef2 is implicated in circadian behavior, as it is necessary for the 576 proper fasciculation-defasciculating cycle of neurons (Sivachenko et al. 2013) through one of its 577 target genes Fasciclin 2 (Fas2), which is expressed in some photoreceptor neurons (Mao and 578 Freeman 2009). Additionally, a recent transcriptomics study of larval eye and adult ocelli found 579 that Dmef2 is expressed in the photoreceptors of both eye types, although the authors did not 580 investigate this finding further (Mishra et al. 2016). These findings certainly encourage additional 581 research on the possible role of DMef2 in photoreceptor cell development.

Taken together, the combination of dynamic gene expression clustering and upstream factor enrichment provides an excellent basis for the identification of potential new regulators involved in a given biological process. Intriguingly, our approach seems to be successful, although the ChIP-seq experiments that identified the direct interaction of a transcription factor with its target

586 genes were not specifically performed in eye-antennal disc tissue at the stages we studied here. 587 Indeed, most data available in current databases is based on experiments in embryonic or adult 588 stages (Celniker et al. 2009; Roy et al. 2010; Nègre et al. 2011; X. Li et al. 2008; Junion et al. 589 2012). Interestingly, the enrichment of Caudal in clusters 1 and 2 (Table S3) is based on data from 590 a ChIP-seq experiment performed in adult flies (Celniker et al. 2009), but does not represent an 591 experiment performed in embryos (X. Li et al. 2008). This could indicate that Caudal has very 592 different downstream targets during embryogenesis compared to its target genes at later stages. 593 Although this observation may also indicate that the parameters and thresholds used in the 594 different ChIP-seq experiments are very different, a large degree of tissue and stage specific target 595 genes is expected. In the light of this specificity, we may miss eye-antennal disc specific target 596 genes in our survey, but we are confident that one can identify a representative set of target genes 597 to justify further tissue and stage specific ChIP-seq experiments if necessary.

598 A new role of Hb in retinal glia development and blood-brain barrier formation

599 The comprehensive analysis of developmental high-throughput gene expression data in 600 combination with the identification of key upstream regulators suggested that Hb may play an 601 important role during eye-antennal disc development. Using immunostaining and reporter gene 602 expression we confirmed that hb is indeed expressed in two large cells in the posterior margin of 603 the eye-antennal discs (Figure 2 and S3). Further co-expression analyses with the pan-glia cell 604 marker Repo and the G-protein coupled receptor Moody indicated that these cells are retinal 605 subperineurial glia cells known as carpet cells (Silies et al. 2007; Bainton et al. 2005) (Figure 3). 606 There are only two carpet cells in each eye-antennal disc and like other subperineurial glia cells 607 they are polyploid and are characterized by huge cell bodies, each spanning half of the retinal field 608 of the eye-antennal discs (Unhavaithaya and Orr-Weaver 2012; Zielke, Edgar, and DePamphilis 609 2013). It is also known that carpet cells express Moody, a transmembrane protein that is involved 610 in the regulation of the actin cytoskeleton in surface glia and thus influences the positioning of

611 septate junctions (Schwabe et al. 2005). Although the function and some key cellular 612 characteristics of carpet cells are well-understood, their developmental origin and the molecular 613 specification are largely unknown. Our preliminary functional analysis of Hb in carpet cell 614 development and function provided first insights into these open questions.

Upon loss of Hb function (using either RNAi knockdown or Hb^{TS} mutant analysis), the most obvious 615 616 phenotype was the lack of polyploid cell nuclei in the eye-antennal discs (Figure 5 and S5). 617 indicating that *hb* expression is necessary for the proper development of these cells. Additionally, 618 we showed that the extension of moody positive membranes into the eye-antennal discs was 619 impaired in loss of Hb function flies (Figure 6). The carpet cells function as a scaffold for 620 undifferentiated retinal perineurial glia cells, which migrate into the disc to find the nascent axons 621 of differentiating photoreceptors (Silies et al. 2007). In accordance with this scaffold function, we 622 observed regions in the retinal field that were free of perineurial glia cells in eye-antennal discs in 623 which polyploid carpet cell nuclei were not present. This was accompanied by the presence of 624 unorganized axon bundles that did not project properly into the optic stalk (Figure S6). A possible 625 explanation for the patches lacking perineurial glia cells could be the absence of the carpet cell 626 surface to work as support layer for perineurial glia cells. Indeed, we could show that the loss of 627 polyploid carpet cell nuclei was accompanied by impaired formation of moody positive cell 628 membranes (Figure 6).

It has been described that in the absence of glia cells, projecting axons are not able to enter the optic stalk or get directed to it (R Rangarajan, Gong, and Gaul 1999). Interestingly, our Hb target gene analysis revealed many candidate target genes with GO terms related to axon guidance (Table S5). A link between undifferentiated retinal glia cells and axon guidance has been established as well. When perineurial glia cells contact newly forming photoreceptor axons, they differentiate into wrapping glia cells and then they enwrap the axons to participate in their projection to the brain lobes (Hummel et al. 2002). Hence, we could not only show impaired carpet

636 cell development upon loss of Hb function, but also observed an impact on glia cell migration and637 axon guidance as secondary effects.

638 In contrast to our results, previous studies have shown that carpet cell ablation or a reduction of 639 their size causes over migration of perineurial glia cells anterior to the morphogenetic furrow 640 (Yuva-Aydemir, Bauke, and Klämbt 2011; Silies et al. 2007). The corresponding experiments are 641 based on the induction of cell death in moody expressing cells (Silies et al. 2007) and thus affect 642 not only the carpet cells, but also for instance all other subperineurial glia of the brain. Since hb 643 expression is very likely specific to carpet cells (see also below), the phenotype obtained here 644 may be more specific. It remains to be studied, however, how carpet cells and subperineurial glia 645 cells of the brain may interact to regulate perineurial glia cell migration in the eye-antennal discs. 646 In many cases, only one carpet cell could be observed in the eye-antennal disc, and this often had 647 a larger polyploid nucleus that was located in the midline of the eye field. In these cases, also no 648 perineurial glia cell over migration could be observed, which might indicate that a single carpet 649 cell could compensate the function of the other missing one.

650 Since subperineurial glia cells of the brain contribute to the blood-brain barrier (Bainton et al. 2005; 651 Schwabe et al. 2005), we also tested if the loss of Hb function may interfere with blood-brain 652 barrier formation. Indeed, the loss of *hb* expression affected the integrity of the blood-eye barrier, 653 a subset of the blood-brain barrier (Figure 7). This phenotype was not as striking as previously 654 published for moody mutant flies (Bainton et al. 2005), where all surface glia cells were affected, 655 suggesting that the carpet cells may indeed only contribute to the retinal part of the blood-brain 656 barrier (i.e. the blood-eye barrier). Intriguingly, the largest portion of the blood-brain barrier is 657 already established by the end of embryogenesis (Beckervordersandforth et al. 2008; von Hilchen 658 et al. 2013), while the eye-antennal disc and developing photoreceptors seem to be accessible for 659 the hemolymph during larval and very early pupal stages. Indeed, the final closure of the blood-660 brain barrier in the region where the optic stalk contacts the brain (i.e. the blood-eye barrier) is 661 only established late during pupal development (Carlson, Hilgers, and Garment 1998; Carlson et 662 al. 2000). The rather late formation of the blood-eye barrier may be related to the dual role of 663 carpet cells, which first migrate into the eye-antennal disc and only during pupal stages migrate 664 back into the optic stalk towards the brain lobes. By mid-pupa stages they are located at the base 665 of the brain lamina (T. N. Edwards et al. 2012), where they remain throughout adult life and form 666 septate junctions that isolate the brain and retina from the hemolymph (Carlson et al. 2000).

667 Due to its pivotal role in maintaining the correct physiological conditions in the central nervous 668 system, the blood-brain barrier is of foremost importance for all metazoan organisms. Also in 669 vertebrates, glia cells and especially astrocyte glia, with similar cellular features as subperineurial 670 glia in insects, are the main components of this barrier (ladecola and Nedergaard 2007). Thus, 671 the study of the function of subperineurial glia cells in blood-brain barrier formation in the 672 invertebrate model D. melanogaster can be of great interest to gain insights into central nervous 673 system physiology and disease studies (DeSalvo et al. 2014). Additionally, while the role of Hb in 674 anterior-posterior patterning seems to be conserved only in insects or arthropods (Pinnell 2006; 675 Schröder 2003), its role in central nervous system development is conserved at least across all 676 protostomes (Pinnell 2006). One of the hb homologs known in mammals, ikaros, which also 677 promotes early-born neuronal fate in mouse (Alsio et al. 2013), has been shown to have a role in conferring identity to retinal progenitor cells (Elliott et al. 2008). It is therefore tempting to 678 679 investigate a potential role of Ikaros in vertebrate blood-brain barrier development.

680 The molecular role of Hb during carpet cell development

The lack of ployploid large carpet cells during larval stages and the loss of blood-brain barrier integrity could either indicate a central role of Hb in specifying carpet cell identity entirely or a more specific role in defining aspects of carpet cell identity such as polyploidy and/or its migratory behavior. The exact role of Hb, however, is still unclear and will require further in-depth analyses. Based on our data presented here, we propose the following cellular functions:

686 First, the lack of polyploid nuclei could hint towards a role of Hb in regulating the extensive 687 endoreplication process necessary to generate such huge cell nuclei. Indeed, in our target gene 688 analysis we found (archipelago) ago as one potential target. Ago has been shown to induce 689 degradation of CyclinE (CycE) (Moberg et al. 2001), a crucial prerequisite for efficient 690 endoreplication cycles (Shcherbata 2004). A role of Hb in the regulation of endoreplication is 691 further supported by a preliminary overexpression experiment. We expressed hb ectopically in 692 perineurial glia cells using the specific driver c527-Gal4 (Ito, Urban, and Technau 1995) and we 693 observed an increased number of glia cells with large nuclei in the optic stalk (data not shown). 694 Since retinal perineurial glia cells still proliferate and are undifferentiated (Radha Rangarajan, 695 Courvoisier, and Gaul 2001; R Rangarajan, Gong, and Gaul 1999), the ectopic expression of hb 696 may have induced endoreplication cycles, reminiscent of carpet cells.

697 Second, Hb could be involved in establishing the migratory behavior of carpet cells. In the list of 698 putative Hb target genes, we found many genes with GO terms related to cell migration and, some 699 even specifically with the "glia cell migration" term. Additionally, many of the identified Hb target 700 genes are involved in the epidermal growth factor (EGF) pathway. This is a well-conserved 701 pathway that has received a lot of interest due to its various roles in development and cancer (Gao 702 et al. 2011; Yewale et al. 2013; S. V Sharma et al. 2007). The activation of the EGF receptor 703 (EGFR) by the binding of specific ligands initiates a signaling cascade that transmits information 704 between cells during many different processes, including cell division, differentiation, cell survival 705 and migration (B.-Z. Shilo 2005; B. Shilo 2003). Most of these roles of the EGF pathway have also 706 been shown to be involved in *D. melanogaster* eye development (Malartre 2016). The list of Hb 707 target genes up-regulated at 96h and 120h AEL in eye-antennal disc development includes both 708 positive (rhomboid, Star and CBP) and negative regulators (Fasciclin2 and sprouty) of this 709 pathway. Fas2 and sprouty are specifically expressed in carpet cells (Figure 9C and 9D), 710 suggesting that Hb may actively influence the migratory behavior of carpet cells by activating 711 genes involved in EGFR signaling regulation. Another putative target gene of Hb is *Ets98b*.

712 Intriguingly, it has recently been shown during early embryonic development in the common house 713 spider Parasteatoda tepidariorum that the ortholog Ets4/Ets98b induces ectopic cell migration 714 upon misexpression (Pechmann et al., submitted). We also performed preliminary misexpression 715 experiments and expressed hb ectopically in wrapping glia cells (not shown). In such 716 misexpression eye-antennal discs we observed cell nuclei between the axon bundles in the optic 717 stalk. These may be wrapping glia cells that over migrate into the stalk, although they normally 718 remain in the eye-antennal disc and only their extended cell membranes project to the brain lamina 719 or medulla to accompany the photoreceptor axons (Hummel et al. 2002).

In summary, our functional analyses in combination with computationally supported target gene
 prediction suggests that Hb plays a central role in specifying key cellular features of carpet cells:
 polyploidy and extensive migratory abilities.

723 Implication on the origin and nature of carpet cells

724 Although carpet cells fulfill fundamental functions, it is still unclear where these cells originate from. 725 Based on observations by Choi and Benzer (1994) using the enhancer trap line M1-126, these 726 cells originate in the optic stalk where they are present at late L2 stage (Choi and Benzer 1994). 727 It has also been proposed that carpet cells may originate from a pool of neuroblasts in the 728 neuroectoderm during embryogenesis (Homem and Knoblich 2012) or in the optic lobes (Apitz 729 and Salecker 2014). A clonal analysis using the FLP-out system suggests that various retinal glia 730 cell types, including the carpet cells, originate from at least one mother cell at L1 larval stage (R 731 Rangarajan, Gong, and Gaul 1999). Since only one polyploid cell nucleus seems to originate from 732 one clone (R Rangarajan, Gong, and Gaul 1999) and we show that in some loss of Hb imaginal 733 discs only one polyploid cell nucleus is present, we propose that the two carpet cells may originate 734 independently probably from two mother cells defined during L1 stages. Hb may be the key 735 transcription factor specifying carpet cell fate to distinguish them from other retinal glia cells. Our 736 observation that loss of Hb function resulted in loss of polyploid carpet cell nuclei when HbTS mutant flies were transferred to the restrictive temperature during the L1 larval stage, further
supports an involvement of Hb during this stage (Figure 5 and S5)

739 Carpet cells have been shown to be a sub-population of the subperineurial glia cells due to shared 740 key cellular features, such as the formation of extensive septate junctions (Silies et al. 2007). 741 However, a well-established subperineurial glia cell driver (NP2276 (Awasaki et al. 2008)) does 742 drive reporter gene expression in brain subperineurial glia, but not in carpet cells (data not shown). 743 In contrast, we only detected hb expression in carpet cells and not in any subperineurial glia cells 744 in the larval brain (results confirmed both using immunostaining and two driver lines (VT038544 745 and VT038545), not shown). Additionally, if we compare our list of putative Hb target genes with the 50 genes enriched in adult blood-brain barrier surface glia (DeSalvo et al. 2014), we only find 746 747 Fas2 to be present in both datasets. All these data suggest that carpet cells are indeed a retina 748 specific subperineurial glia cell type that is molecularly very distinct from brain subperineurial glia 749 cells.

The use of the newly analyzed driver lines VT038544 and VT038545, which drive expression specifically in the carpet cells in combination with the extensive list of potential Hb target genes, of which many are likely to be expressed in this specific glia cell type, represents a valuable resource to address the questions concerning the origin of these cells in more detail.

754 Conclusions

In this study, we identified a new role of Hb in retinal glia cell development. This finding has only been possible because we studied the dynamic expression profiles of all genes expressed during eye-antennal disc development. Since the RNA levels of *hb* in the entire eye-antennal disc are negligible, we could identify Hb as central factor only through the expression profiles of its putative target genes, which are steadily up regulated throughout development. This up regulation is very likely due to the large cell bodies of the carpet cells, which need to produce high amounts cytosolic

or membrane bound proteins. At earlier stages, carpet cells are not yet in the eye-antennal discs, and *hb* expression could have only been identified by studies focused on the optic stalk. Moreover, we could show that refining the putative Hb target genes by incorporating the expression data results in a list that contains genes with GO terms highly specific for the putative function of Hb in carpet cells. Based this stepwise identification of target genes, we could select and confirm a high number of those experimentally.

767 All these findings demonstrate that the combination of high throughput transcript sequencing with 768 a ChIP-seq data based transcription factor enrichment analysis can reveal previously unknown 769 factors and also their target genes, and therefore increase the number of connections within the 770 underlying developmental GRNs. Other studies have searched for regulating transcription factors 771 that were in the same co-expression clusters as its targets genes (Potier et al. 2014). However, 772 upstream orchestrators do not necessarily have the same expression levels as their targets. 773 Therefore, the combination of ChIP-seg methods in RNA-seg co-expression analyses has proven 774 to be a powerful tool to identify new developmental regulators that can complement other studies 775 based on reverse genetics.

777 Materials and methods

778 RNA extraction and sequencing

779 D. melanogaster (OregonR) flies were raised at 25°C and 12h:12h dark:light cycle for at least two 780 generations and their eggs were collected in 1h windows. Freshly hatched L1 larvae were 781 transferred into fresh vials in density-controlled conditions (30 freshly hatched L1 larvae per vial). 782 At the required time point, eye-antennal discs of either only female larvae (96h and 120h AEL) or 783 male and female larvae (72h AEL) were dissected and stored in RNALater (Qiagen, Venlo, 784 Netherlands). 40-50 discs were dissected for the 120h samples, 80-90 discs for the 96h samples 785 and 120-130 discs for the 72h samples. Three biological replicates were generated for each sample type. 786

Total RNA was isolated using the Trizol (Invitrogen, Thermo Fisher Scientific, Waltham, Massachusetts, USA) method according to the manufacturer's recommendations and the samples were DNAsel (Sigma, St. Louis, Missouri, USA) treated in order to remove DNA contamination. RNA quality was determined using the Agilent 2100 Bioanalyzer (Agilent Technologies, Santa Clara, CA, USA) microfluidic electrophoresis. Only samples with comparable RNA integrity numbers were selected for sequencing.

793 Library preparation for RNA-seq was performed using the TruSeq RNA Sample Preparation Kit 794 (Illumina, catalog ID RS-122-2002) starting from 500 ng of total RNA. Accurate guantitation of 795 cDNA libraries was performed using the QuantiFluor™dsDNA System (Promega, Madison, 796 Wisconsin, USA). The size range of final cDNA libraries was determined applying the DNA 1000 797 chip on the Bioanalyzer 2100 from Agilent (280 bp). cDNA libraries were amplified and sequenced 798 (50 bp single-end reads) using cBot and HiSeg 2000 (Illumina). Sequence images were 799 transformed to bcl files using the software BaseCaller (Illumina). The bcl files were demultiplexed 800 to fastq files with CASAVA (version 1.8.2).

801 **BIOINFORMATICS ANALYSES**

802 Quality control

803 Quality control was carried out using FastQC software (version 0.10.1, Babraham Bioinformatics). 804 All samples but one ("72hC" sample) had quality score >Q28 for all read positions. 12% of reads 805 in sample "72hC" had an "N" in position 45, probably due to an air bubble in the sequencer. 806 Following recently published guidelines (MacManes 2014; Williams et al. 2016), sequences were 807 not trimmed but the aligner software was used to this purpose instead with very stringent 808 parameters (see below). All raw fastg files are available through GEO Series accession number 809 GSE94915.

810 Read mapping

811 Transcript sequences (only CDS) of *D. melanogaster* (r5.55) were downloaded from FlyBase and 812 only the longest transcript per gene was used as reference to map the reads using Bowtie2 813 (Langmead and Salzberg 2012) with parameters -very-sensitive-local -N 1. The number 814 of reads mapping to each transcript were summarized using the command idxstats from 815 SAMtools v0.1.19 (H. Li et al. 2009). A summary of raw read counts mapped to each gene and 816 time point is available at the GEO repository (GSE94915).

817 Gene expression clustering

818 HTSFilter (Rau et al. 2013) was used with default parameters to discard lowly expressed genes 819 across all samples. The function PoisMixClusWrapper from the library HTSCluster (Rau et al. 820 2015) was applied on the rest of genes with the parameters: gmin=1, qmax=25, 821 lib.type="DESeq".

822 Different model selection approaches are used by HTSCluster (i.e. to identify the number of 823 clusters that best describe the data (see (Rau et al. 2015)). Our previous experience with this

824 package had shown that the BIC and ICL methods report always as many clusters as we have 825 allowed to test for (corresponding to the "gmax" parameter). Also for this analysis, both methods 826 reported 25 as the most likely number of clusters, which was the input "gmax" value. 827 Consequently, we discarded these results and we only analyzed the results of the methods that 828 use slope heuristics to calculate the best number of clusters, namely DDSE and Djump. The DDSE 829 method reported 19 clusters, with 8,626 genes having MAP > 99% while the Djump method 830 reported 13 clusters, with 8,836 genes having MAP > 99%. Careful inspection of the lambda 831 values of each of these clusters showed that the additional clusters predicted by the DDSE method 832 presented negligible variation to the 13 clusters predicted by Djump. Additionally, GO term 833 analysis (see below) of the genes in the 19 clusters predicted by DDSE showed redundant terms 834 for the very similar additional clusters, which was not the case with the 13 clusters predicted by 835 Djump. Therefore, we concluded that the additional clusters present in the DDSE prediction were 836 unlikely to represent significant biological differences and that the 13 clusters predicted by Djump 837 could sufficiently describe the profiles of the groups of co-expressed genes and we used them for 838 all following analyses.

Genes with predicted MAP < 99% were discarded. Cluster assignment results can be found at the
GEO repository (GSE94915). For the plots, the variance stabilizing transformation from DESeq2
(Love, Anders, and Huber 2014) library was used to normalize the background read count of the
genes belonging to each cluster.

The Gene Ontology terms enriched in each cluster of genes were obtained with the plugin BiNGO (Maere, Heymans, and Kuiper 2005) in Cytoscape v3.1.1 (Cline et al. 2007) with default parameters. The ontology terms and corresponding *D. melanogaster* annotations were downloaded from geneontology.org (Ashburner et al. 2000; Consortium 2015) (as of January 2015).

The transcription factors enriched to regulate the genes of each cluster were obtained with the icisTarget method (Herrmann et al. 2012) with the following parameters: dm3 assembly, only "TF binding sites", 5 Kb upstream and full transcript as mapping region, 0.4 as minimum fraction of overlap, 3.0 as NES threshold and 0.01 ROC threshold.

852 Identification of Hb target genes

853 The i-cisTarget method (Herrmann et al. 2012) to detect transcription factor enrichment in the 854 regulatory regions of co-regulated genes is based on the arbitrary partition of the D. melanogaster 855 genome in more than 13,000 regions. All genes included in a particular region are associated to 856 the transcription factor binding interval, resulting maybe in an unspecific association between 857 transcription factor and target genes. Therefore, we aimed to generate a more confident list of 858 putative Hb target genes in the eye-antennal disc. From Berkeley Drosophila Transcription 859 Network Project (BDTNP) site (X. Li et al. 2008), BED files were downloaded for the Hb (anti-Hb 860 (antibody 2), stage 9) ChIP-chip experiment (Symmetric-null test and 1% FDR cutoff). The LiftOver 861 tool from UCSC Browser (Kent et al. 2002) was used to transform the dm2 coordinates into the 862 dm3 assembly. The closest gene to each ChIP-chip interval was identified with the script 863 annotatePeaks.pl from the HOMER suite of tools (Heinz et al. 2010). Enrichment for the Hb 864 motif in the regulatory regions of the identified genes were confirmed with the script 865 findMotifGenome.pl from the same suite. The identified enriched Hb motif (as matrix) was 866 used to search again the closest genes to the ChIP-chip intervals using the script 867 annotatePeaks.pl with the parameters tss -size -1000,1000 -m motif matrix. The genes with 868 at least one instance of the motif were selected as Hb high confident targets. Cytoscape v3.1.1 869 (Cline et al. 2007) was used to visualize high confidence Hb targets which are significantly up-870 and down-regulated in the 72h AEL to 96h AEL and 96h AEL to 120h AEL transitions.

871

872 EXPERIMENTAL PROCEDURES

873 Fly lines and crosses

874 The following fly lines were used: UAS-hbdsRNA (Bloomington Stock Center #54478, #29630 and 875 #34704 and Vienna Drosophila Research Center #107740), hb-Gal4 (Vienna Tile library (Pfeiffer 876 et al. 2008) VT038544 and VT038545), UAS-hb (Bloomington Stock Center #8503), repo-877 Gal4/TM6B (kindly provided by Marion Sillies), moody-Gal4 ((Schwabe et al. 2005) kindly provided 878 by Christian Klämbt), DMef2-Gal4 (Bloomington Stock Center #25756) UAS-stinger-GFP (nGFP) ((Barolo, Carver, and Posakony 2000) kindly provided by Gerd Vorbrüggen), UAS-H2B:RFP 879 880 (kindly provided by Andreas Wodarz) and 20xUAS-mCD8::GFP (Bloomington Stock Center 881 #32194). Lines expressing Gal4 under control of regulatory regions of the Hb putative target genes 882 were obtained from Bloomington Stock Center (ago-Gal4 (#103-788), brk-Gal4 (#53707), CadN-883 Gal4 (#49660), DI-Gal4 (#45495), Fas2-Gal4 (#48449), kni-Gal4 (#50246), rho-Gal4 (#49379), 884 robo3-Gal4 (#41256), Sox21b-Gal4 (#39803), Src64B-Gal4 (#49780), sty-Gal4 (#104304) and 885 tkv-Gal4 (#112552)).

All crosses were performed with an approximate ratio of 4:3 female:male flies. Crosses were always provided with additional yeast and were kept at 12h:12h dark:light cycle and controlled humidity, except the RNAi experiments, that were kept at 28°C and constant darkness.

889 *hb* RNA interference

We obtained 4 different UAS-*hb*_{dsRNA} lines from Bloomington Stock Center (#54478, #29630 and #34704) and from the Vienna Drosophila Research Center (#107740). We took advantage of the fact that Hb is known to be necessary during early embryogenesis (Lehmann and Nüsslein-Volhard, 1987; Nüsslein-Volhard and Wieschaus, 1980) to evaluate the knock-down efficiency. UAS-*hb*_{dsRNA} flies were crossed to the *hb*-Gal4 lines (VT038544 and VT038545) to see if the survival of the offspring was affected. Only one of the RNAi lines, namely #34704, produced no adult flies and few dead pupae when crossed with the *hb*-Gal4 flies. The other three lines produced
a normal number of offspring with no obvious phenotype. Consequently, we used the #34704 line
for the knock-down experiments. Please note that the evaluation of knock-down efficiency in the
developing eye-antennal discs using quantitative PCR is very limited because the expression of *hb* itself is very low (practically no reads are detected by RNA-seq, not shown).

901 Hb^{TS} cross

902 Hb^{TS1} , $rsd^{1}/TM3$, Sb^{1} flies (Bloomington Stock Center #1753) were crossed to hb^{12} , st^{1} , $e^{1}/TM3$, 903 Sb^{1} flies (Bloomington Stock Center #1755) to generate a hb^{TS1}/hb^{12} stock. This line was kept at 904 18°C and constant light and larvae were only transferred to the restrictive temperature (28°C) for 905 the loss of function experiments.

906 *in-situ* hybridization

907 Standard procedures were followed to clone a fragment (872 bp) of *hunchback* gene sequence 908 into pCRII vector and to synthesize an antisense digoxigenin-labeled RNA probe (and sense probe 909 for the negative control). RNA probes were hydrolyzed with Na-Carboante buffer for 30.5 minutes. 910 Eye-antennal discs were dissected in cold PBS and fixed with 4% paraformaldehyde. 911 Hybridization was carried out at 63°C overnight with 5 µl of RNA probe (291 ng/µl) in 50 µl of 912 hybridization buffer. Anti-Dig antibody (1:2000, Sigma-Aldrich) was used to detect the probe and 913 revealed with NBT/BCIP reaction mix. Pictures were taken with a Zeiss Axioplan microscope.

914 Immunohistochemistry

Antibody stainings were performed using standard procedures (Klein 2008). In all cases, dissected eye-antennal discs were fixed with 4% paraformaldehyde before incubating with primary and secondary antibodies. Antibodies used were: rabbit α -Repo ((von Hilchen et al. 2013), 1:1000), guinea-pig α -Hb ((Kosman, Small, and Reinitz 1998), 1:50), mouse α -cut (Invitrogen, 1:100), rabbit 919 α -Hb (kind gift from Chris Q. Doe, 1:100), Cy3- α -HRP (kind gift from Martin Göpfert, 1:300), goat 920 α -rabbit Alexa Fluor 488 (Invitrogen, 1:1000), goat α -rabbit Alexa Fluor 555 (Invitrogen, 1:100) 921 and goat α -guinea-pig Alexa Fluor 555 (Invitrogen, 1:1000). A solution of 80% glycerol + 4% n-922 propyl gallate in PBS was used as mounting medium for all stained discs. Pictures were taken on 923 a Zeiss LSM-510 confocal laser scanning microscope.

924 Blood-eye barrier assay

The integrity of the blood-eye barrier of *hunchback* knock-down flies was studied following the protocol from (Pinsonneault et al. 2011). *moody*-Gal4 virgin females were crossed with UAS*hb*_{dsRNA} males at 28°C. UAS-*hb*_{dsRNA} flies were used as control and also raised at 28°C. 2-3 day old adults from these crosses were injected in the abdomen with 3-5 kDa FITC dextran (Sigma-Aldrich) (0.3 µl the females and 0.2 µl the males of 25 mg/ml solution). Animals were allowed to recover in fresh food over-night. Only surviving animals were scored. Dye penetrance in each eye was assessed qualitatively using a LEICA M205 FA fluorescent stereo microscope.

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946

947 Authors contribution

NP and MT-O conceived the experiments. MT-O extracted the RNA for Illumina sequencing and
performed all bioinformatics analyses. MT-O, JS, GW and FK performed the functional Hunchback
experiments. MT-O and NP interpreted the data and wrote the manuscript. All authors read and
approved the manuscript.

952 **Competing interests**

953 No competing interests declared.

954 **References**

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1513 Figures and Tables

1514 Figure 1. Co-expression clusters.

All 13 profiles of co-expressed genes predicted by HTSCluster (see Materials and Methods). The number of genes assigned to a particular cluster are indicated below the cluster name. Blue dots represent relative expression levels (lambda value) of the genes of that cluster (y-axis on the right) at each stage. Background grey lines represent the normalized mean count of all genes belonging to a cluster (y-axis on the left). Below each cluster plot, the first four non-redundant GO terms enriched in the genes of that cluster are listed (see Table S2) and also the significantly enriched transcription factors (NES > 3, see Table S3).

1522 Figure 2. *hb* expression in the eye-antennal disc.

1523 Different detection methods showing *hb* expression in L3 eye-antennal discs. In all pictures, 1524 anterior is to the right. Eye disc (ed), optic stalk (os). Scale bar = 20 µm. A. in-situ hybridization of 1525 hb mRNA, hb is expressed in two large domains (black arrows) at the posterior end of the eve 1526 field **B**. Antibody staining of Hb protein (rabbit α -Hb), showing a signal in two large domains (white 1527 arrows) at the posterior end of the eye field. Co-staining with Phalloidin (B', B'') shows that the 1528 cells expressiong *hb* are located between the photoreceptor axons on their way to the optic stalk. 1529 C. Expression of histone-bound RFP (UAS-H2B::RFP) driven by a Gal4 line containing an 1530 enhancer region near the hb locus (VT038544-Gal4 driver line obtained from the Vienna Tile 1531 collection, see Figure S4 for details). Expression is localized in two large cells (C') (white arrows) 1532 in the same location as A and B, at the posterior end of the eye field, near the optic stalk (C").

1533 **Figure 3.** *hb* is expressed in subperineurial glia cells.

1534 **A.** *hb* expression (VT038544-Gal4 driving UAS-GFP, green) co-localizes (white arrows) with the 1535 pan-glial marker Repo (detected with rabbit α-Repo antibody, red). **B.** Hb (detected with rabbit αHb antibody, red) co-localizes (white arrows) with the expression of the subperineurial glia cell marker *moody* (*moody*-Gal4 driving UAS-GFP, green). In all pictures, anterior is to the right. Eye disc (ed), optic stalk (os). Scale bar = $20 \mu m$.

Figure 4. *hb* is expressed in cells that migrate from the optic stalk into the eye-antennaldiscs.

hb-expressing cells are visualized with VT038544-Gal4 driving histone-bound RFP (UAS-H2B::RFP, red) (**A**, **B** and **C**) and all glia cells are stained with rabbit α-Repo antibody (**A**', **B**' and **C**'). Eye disc (ed), optic stalk (os). Scale bar = 20 µm. **A**. During L2 stage, the glia cells expressing *hb* are located in the optic stalk (white arrows). **B**. At mid L3 stage, these cells are located at the edge between the optic stalk and the retinal region of the eye-antennal disc (white arrows). **C**. At late L3 stage, these cells are located in the posterior region of the eye field, on at each side of the optic stalk (white arrows).

1548 Figure 5. The number of polyploid glia cell nuclei is reduced after loss of Hb function.

1549 **A-C.** Staining with rabbit α -Repo antibody (red) and Phalloidin (green) of late L3 eve-antennal 1550 discs in wild type (A), repo driven hb RNAi (B) and Hb temperature sensitive mutant (C). This 1551 figure represent the phenotypes that have been analyzed in **D**, where the number of polyploid 1552 nuclei (white arrows) have been quantified. In all pictures, anterior is to the right. Scale bar = 201553 µm. D. Quantification of the number of polyploid nuclei observed in wild type (WT), repo-Gal4 and moody-Gal4 driven UAS-hb RNAi (hb^{dsRNA}) and Hb temperature sensitive mutant (Hb^{TS}). E. 1554 1555 Quantification of the number of polyploid nuclei observed in late L3 eye-antennal discs of flies that 1556 have been raised at 18°C until the indicated time points (24h AEL, 48h AEL, 72h AEL and 96h 1557 AEL), when they have been transferred to the restrictive temperature of 28°C. In **D** and **E**, the 1558 black bar indicates percentage of discs with two polyploid glia cell nuclei, grey indicates discs with 1559 one polyploid glia cell nucleus and white indicates discs without polyploid glia cell nuclei.

Pearson's Chi-squared test was performed to determine if the distribution of the different number
of cells (0, 1 or 2) was equal between wild type and RNAi. *: p-val < 0.05, ***: p-val < 0.0005.

1562 Figure 6. Carpet cell membranes after loss of Hb function.

1563 Membranes of carpet cells in late L3 eye-antennal discs are labelled with moody-Gal4 driven UAS-1564 mCD8::GFP expression (green). All glia cells are stained with rabbit α -Repo antibody (red). Carpet 1565 cell nuclei (white arrows) are recognized by their large size. In all pictures, anterior is to the right. 1566 Eye disc (ed), optic stalk (os). Scale bar = $20 \,\mu$ m. A. In wild type, the membranes of the two carpet 1567 cells cover all the retinal field up to the edge of the most anteriorly located glia cells. B-D. 1568 Phenotypes observed after moody driven hb RNAi. In discs where carpet cell nuclei cannot be 1569 observed, GFP signal is detected only in the optic stalk (B). In discs where only one carpet cell 1570 nucleus can be observed on one side, the membrane signal is predominantly observed on that 1571 side (C). In discs where only one carpet cell can be observed in the disc midline, membrane extend 1572 to both sides (**D**), but do not extend so far anteriorly as in wild type (compare **D** to **A**).

1573 **Figure 7. Blood-brain barrier function is impaired after loss of** *hb* **expression in carpet cells.**

A. After injection of fluorescently labelled dextran in the abdomen of adult flies, animals with correctly formed blood-brain barrier present fluorescence in the body (not shown) but not in the compound eye. **A'.** In flies with incomplete blood-brain barrier, fluorescent dye can be observed in the compound eye as well as in the body. **B.** Quantification of eyes with (green) or without (red) dye penetration. *hb* knock-down flies have a significant increase in the penetrance of dye in the eye, indicating a defective blood-eye barrier. Pearson's Chi-squared test was performed to determine significance between the wild type results and the RNAi. ***: p-val < 0.0005.

1581 Figure 8. Differentially expressed putative Hb target genes.

Green and red shaded circles are up- and down-regulated genes, respectively. Larger circle size
indicates higher log2-fold change. A. 267 genes from the high confidence list of Hb targets are
differentially expressed in the eye-antennal discs during the transition from late L2 (72h AEL) to
mid L3 (96h AEL) stages. 33 genes are down-regulated and 234 are up-regulated (see Table S4).
B. 52 genes from the high confidence list of Hb targets are differentially expressed in the eyeantennal discs during the transition from mid L3 (96h AEL) to late L3 (120h AEL) stages. 10 genes
are down-regulated and 42 are up-regulated (see Table S4).

1589 Figure 9. Expression of Hb target genes in the eye-antennal discs.

1590 Four of the tested target genes show expression in carpet cells. Eve disc (ed), optic stalk (os). 1591 Scale bar = 20 μ m. **A.** CadN-Gal4 drives UAS-GFP expression (green in **A**'') in one of the two 1592 carpet cells (white arrow), as well as other cells in the disc, possibly glia cells. A' and A''. Carpet 1593 cells are recognized by their large cell size with rabbit α -Repo antibody (red). **B.** mouse α -Cut (red 1594 in B") shows clear signal in the two carpet cells (white arrows). B' and B". Carpet cells are 1595 recognized by moody-Gal4 driving UAS-GFP expression (green). DAPI shows the eye-antennal 1596 disc surface. C. Fas2-Gal4 drives UAS-H2B::RFP (red in C") expression in the two carpet cells 1597 (white arrows). C' and C''. Carpet cells are recognized by their large cell size with DAPI and their 1598 location on the posterior edge of the retinal field between the outgoing axons visualized with 1599 Phalloidin staining (green). **D.** Sty-Gal4 drives UAS-H2B::RFP (red in **D**") expression in the two 1600 carpet cells (white arrows), as well as in other cells in the disc. Due to folding of the imaged disc. 1601 the right (D-I) and left (D-II) carpet cells where not found in the same focal plane. D' and D''. 1602 Carpet cells are recognized by their large cell size with DAPI and their location on the posterior 1603 edge of the retinal field between the outgoing axons visualized with Phalloidin staining (green).

1604 Supplementary Figure 1. Multi-dimension scaling plot of RNA-seq samples.

A. Count data of all three time points (72h AEL, 96h AEL and 120h AEL).
B. Count data of only
96h AEL and 120h AEL.

- 1607 Supplementary Figure 2. Mef2 driver line expression.
- 1608 *Mef2*-expressing cells are visualized with a *Mef2*-Gal4 driver line crossed with UAS-H2B::RFP 1609 reporter (red).
- Supplementary Figure 3. VT038545 (*hb*-Gal4) driver line expression in late L3 eye-antennal
 discs.
- 1612 Driver line VT038545-Gal4 drives UAS-H2B::RFP expression in the two carpet cells. Anterior is to
- 1613 the right. Eye disc (ed), optic stalk (os).

1614 Supplementary Figure 4. Genomic location of Vienna Tile *hb* driver lines.

Arrows indicate the regions used to drive *hb* expression with Gal4 system. Bellow, are colored tracks provided by the BDTNP project (X. Li et al. 2008) showing open chromatin profiles and transcription factor binding. The last black tracks show sequence conservation across different insect species. These tracks were visualized using UCSC Browser (Kent et al. 2002).

Supplementary Figure 5. The strength of the effect of loss of Hb function in carpet cells is not significantly different at different time points.

A. A significant difference in the distribution of the number of polyploid glia cells in Hb^{TS} flies is
only observed between raising larvae at the restrictive temperature 48h AEL and 72h AEL.
However, this difference is also significant in the wild type (WT). This can be due to the fact that
more larvae die when transferred to the restrictive temperature too early (at 24h AEL or 48h AEL).
B. Pearson's Chi-squared test was performed to determine if the distribution of the different

number of cells (0, 1 or 2) was equal across the time points for the same conditions (WT or HB^{TS}).
*: p-val < 0.05, ***: p-val < 0.0005.

1628 Supplementary Figure 6.

1629 Hb loss function affects projection and organization other of axon the of 1630 retinal glia cells. Late L3 eye-antennal discs attached to the optic lobe immunostained with rabbit 1631 α-Repo (green) and Cy3-conjugated-HRP (red) antibodies. Eye disc (ed), optic stalk (os), optic 1632 lobe (ol). Scale bar = 20 μ m. A. In wild type larvae, glia cells occupy all the basal surface of the 1633 eye-antennal disc posterior to the morphogenetic furrow to support the developing photoreceptors 1634 and their axons. Carpet cell nuclei can be observed at the posterior margin of the eve-antennal 1635 disc (white arrows). A'. Axons project in an organized manner from the developing photoreceptors 1636 in the eye-antennal disc into the optic lobes through the optic stalk. **B.** In repo>>hb^{dsRNA} larvae, 1637 patches without glia cells can be observed in the basal surface of the eye-antennal disc (white 1638 arrow), and carpet cell nuclei cannot be identified. B'. Axons do not project correctly and form 1639 unorganized bundles (white arrows).

1640 **Supplementary Table 1. Differentially expressed genes.**

1641 Supplementary Table 2. Significantly enriched GO terms in the expression clusters.

1642 Supplementary Table 3. Significantly enriched transcription factors in the expression 1643 clusters.

1644 Supplementary Table 4. Putative Hb target genes differentially expressed.

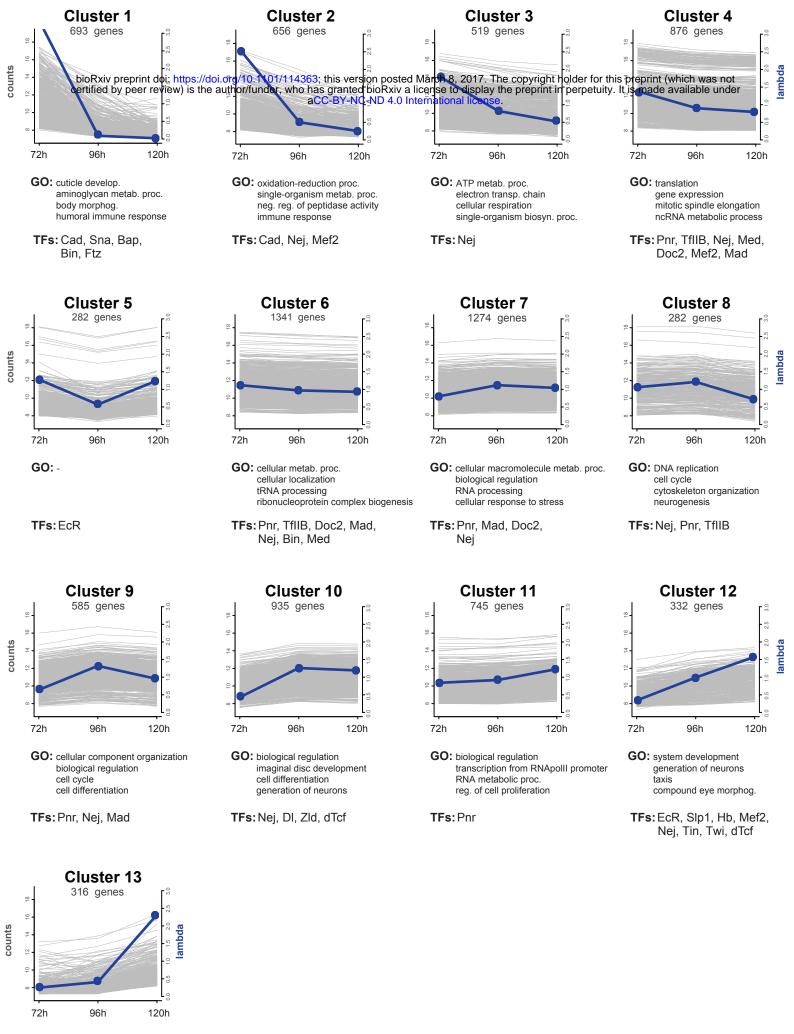
Table contains two sheets: first sheet lists putative Hb targets differentially expressed between
72h AEL and 96h AEL and second sheet lists the differentially expressed genes between 96h AEL
and 120h AEL. "Instances": number of Hb motifs found ±1000 bp from TTS. Right-side table shows

- 1648 how many of these genes belong to each cluster and the percentage over the total number of
- 1649 genes in that cluster.

1650 **Supplementary Table 5. Putative Hb target genes in clusters 12 and 13.**

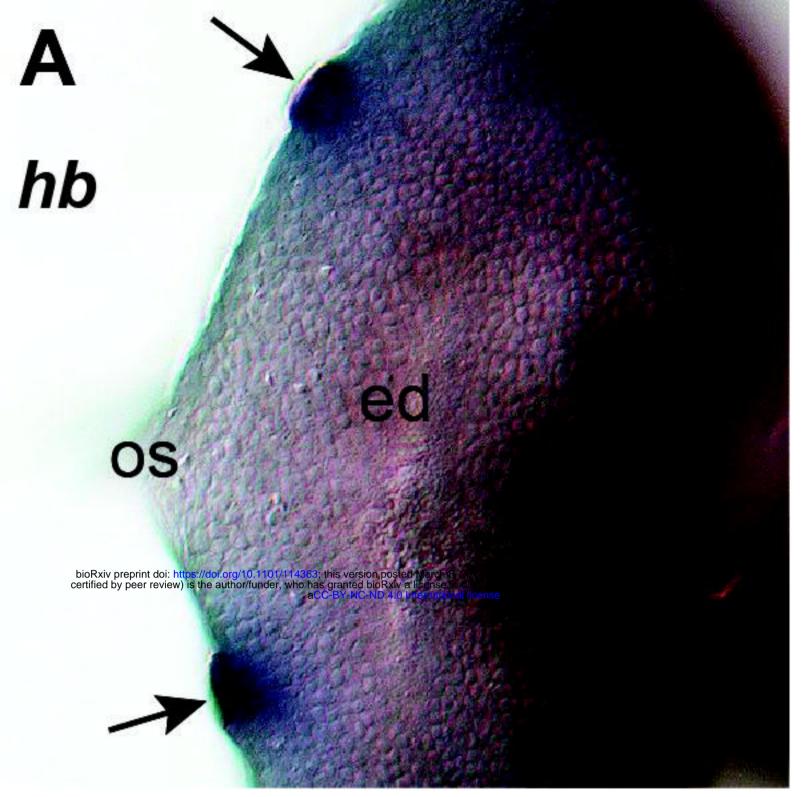
- 1651 Table contains three sheets: first sheet contains the gene ID, name and symbol of the 77 genes,
- 1652 and the cluster they belong to; second sheet lists the GO terms associated to each of the 77
- 1653 genes; third sheet contains the number of times each GO term appears in the second sheet.

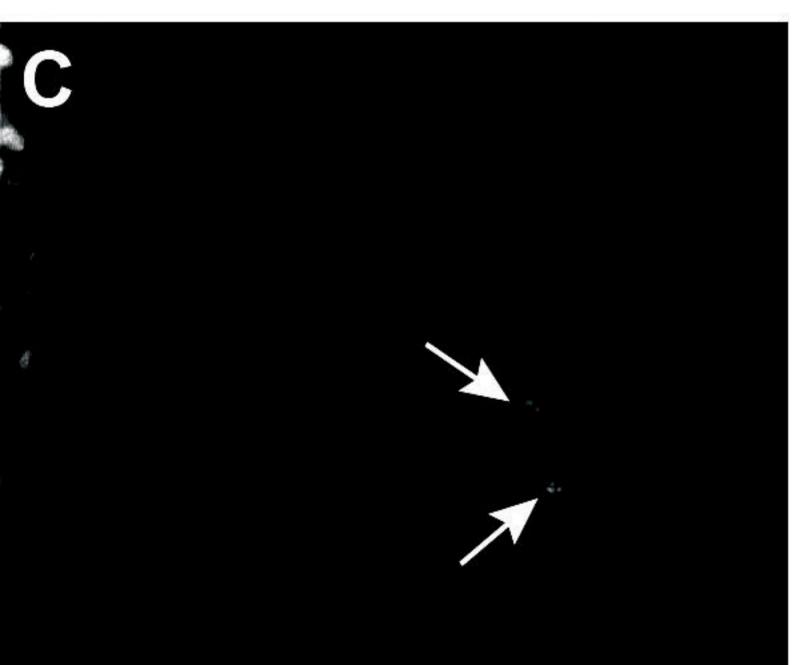
1654



GO: generation of neurons puparial adhesion pigment metab. proc. response to stimulus

TFs: Mad, Sna, Run, EcR, Da, Hb



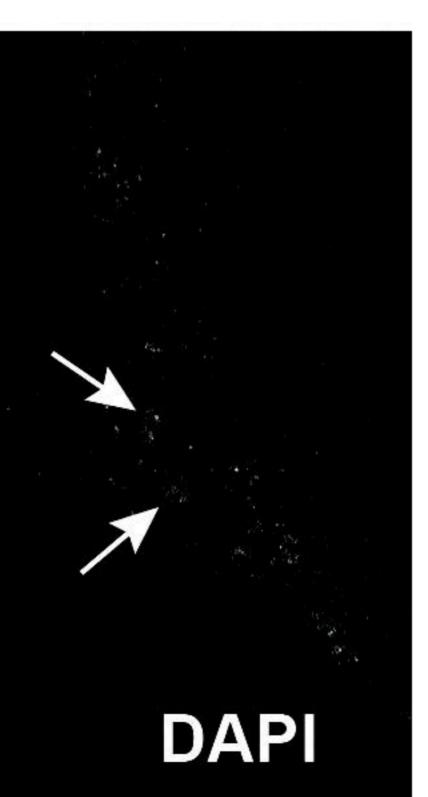


VT038544>>RFP

C'

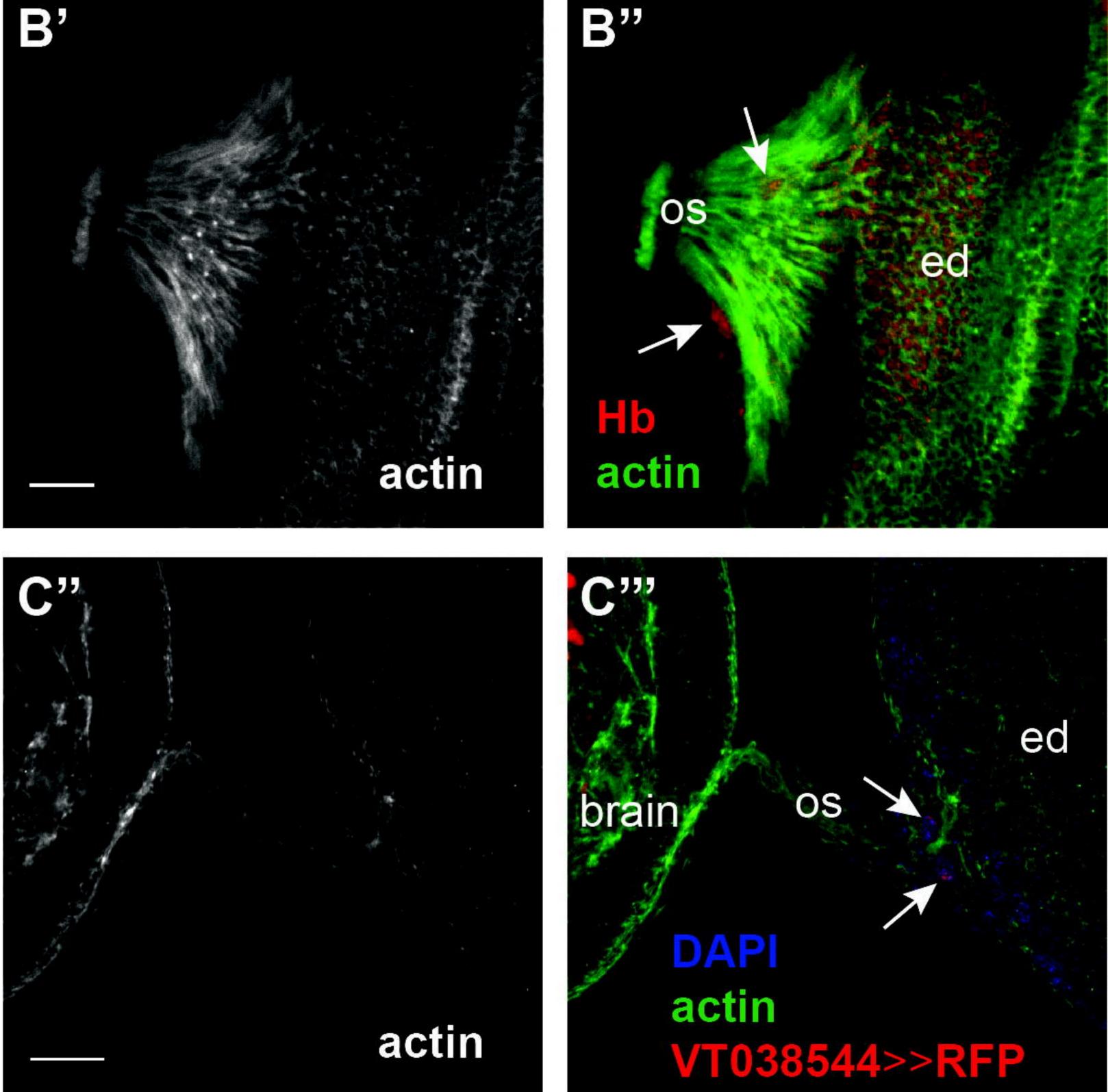
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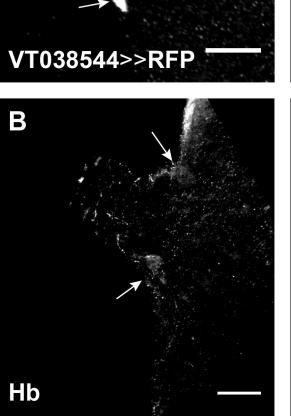






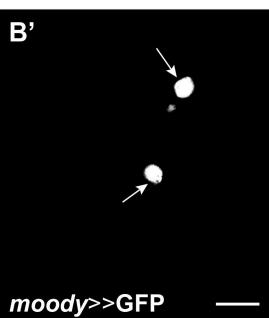


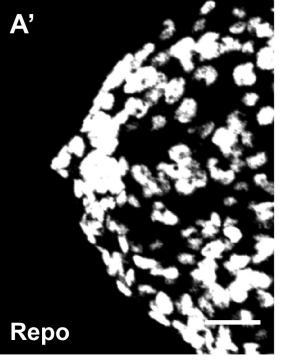


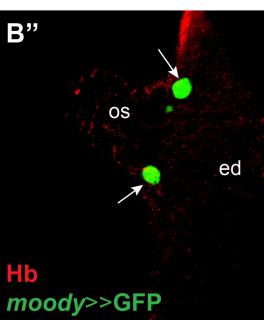


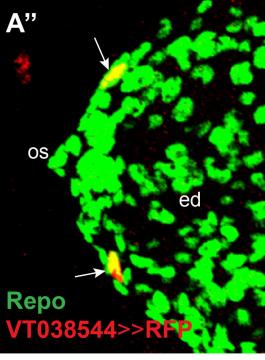
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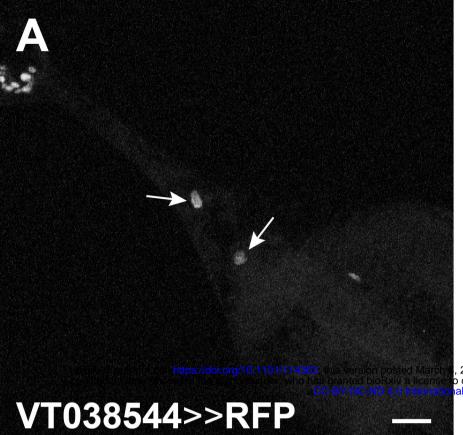
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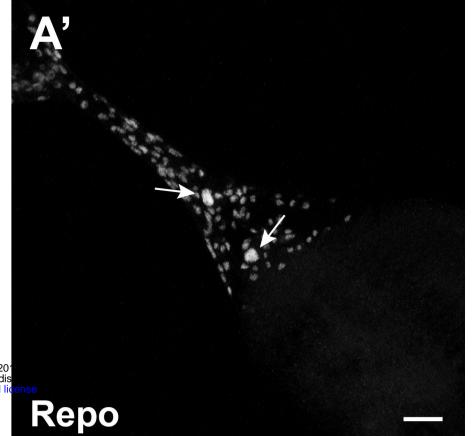


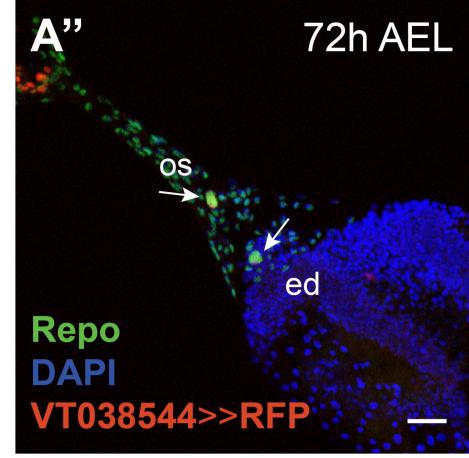


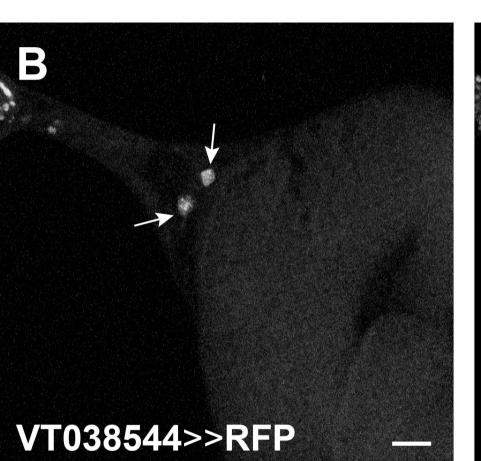


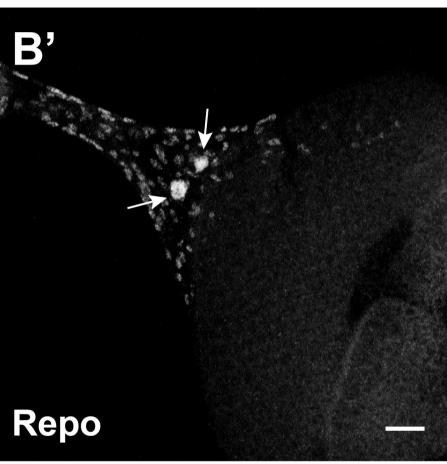


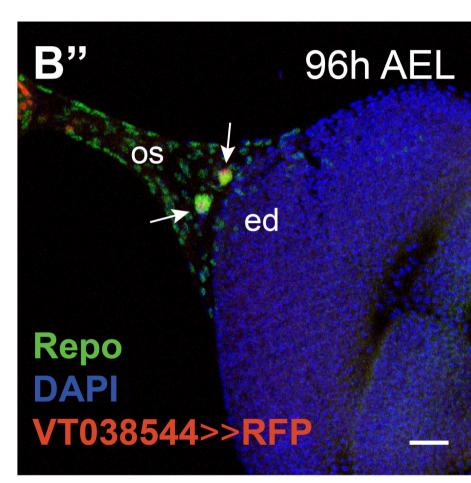


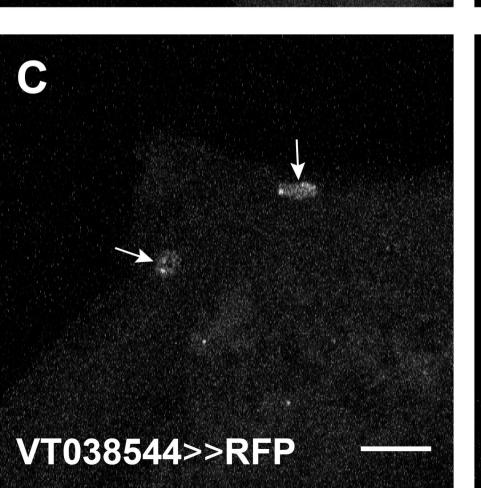


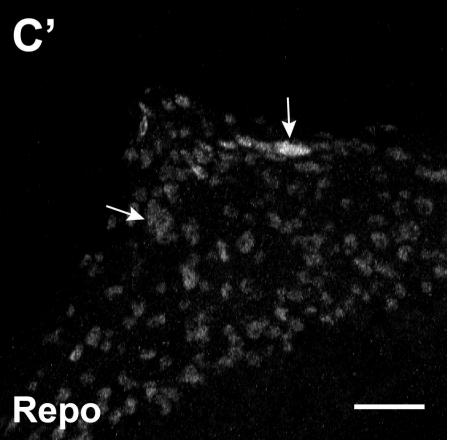


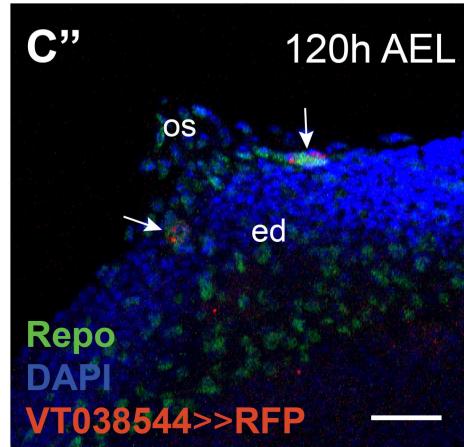


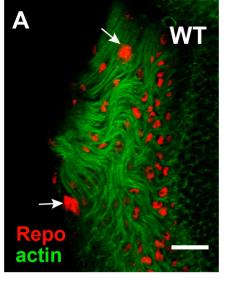


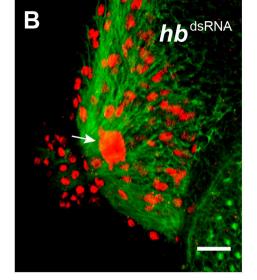


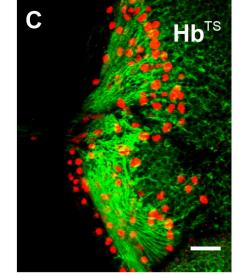


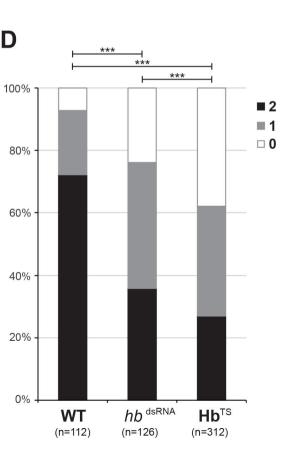


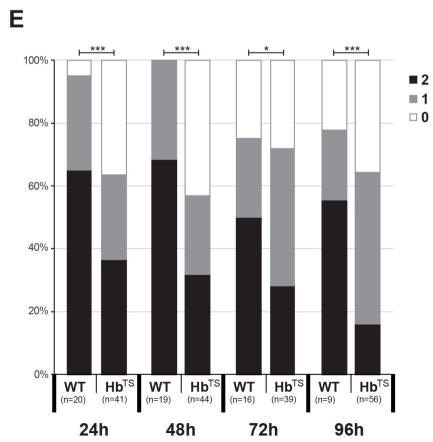


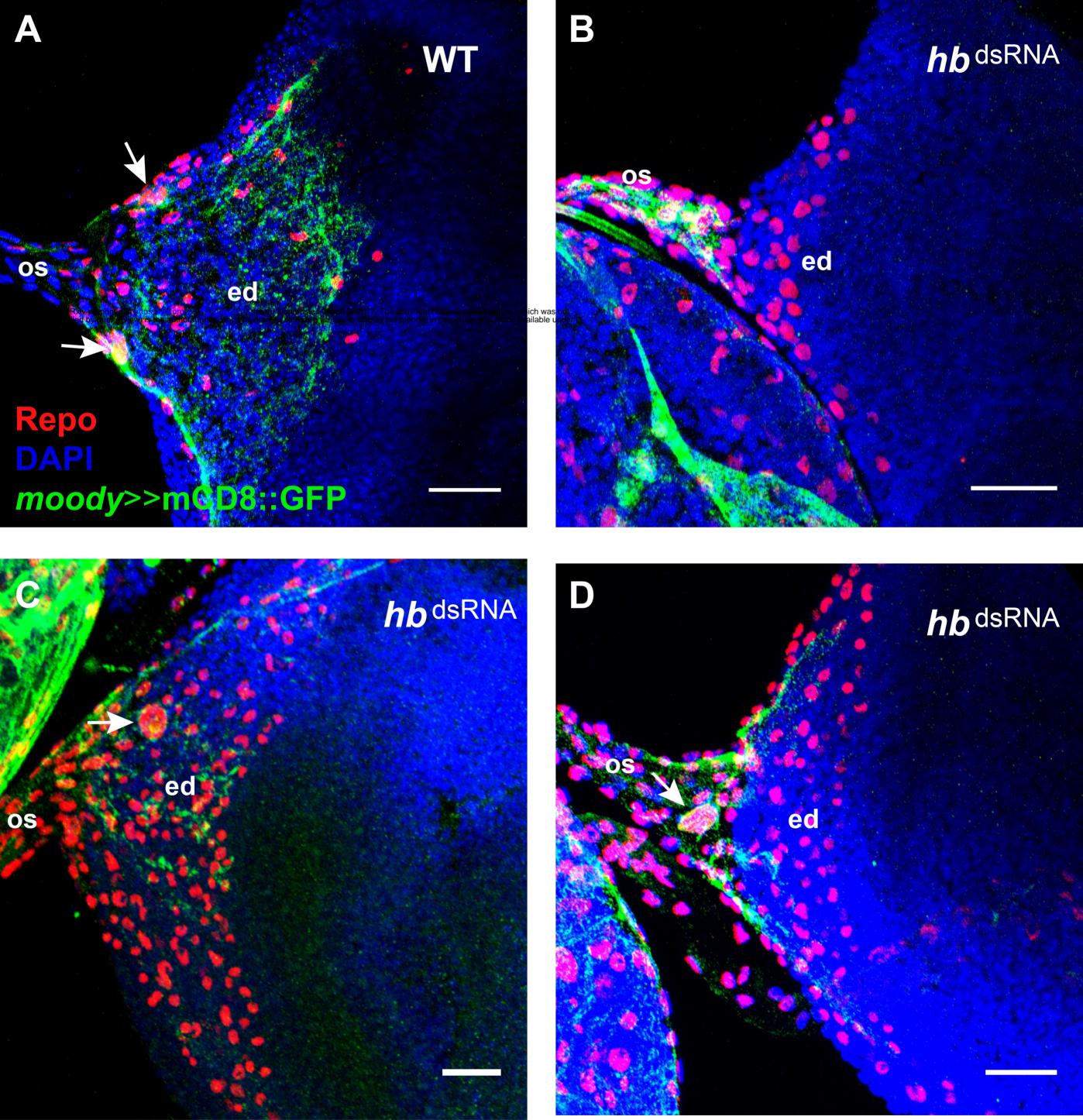


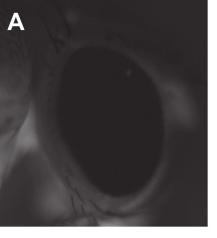


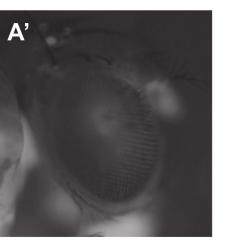


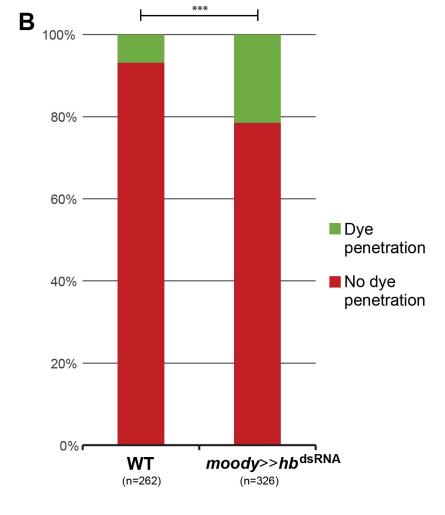


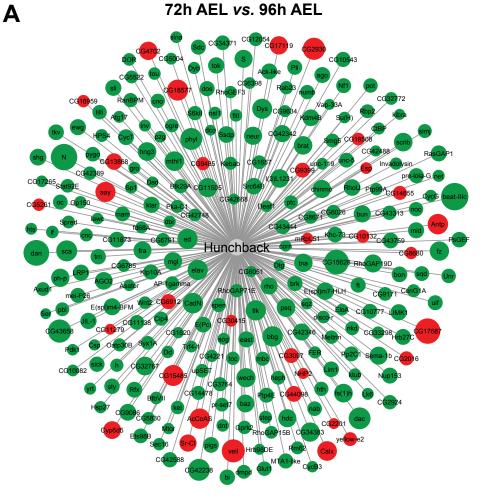






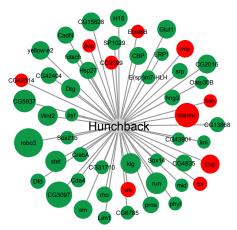


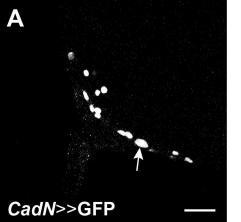


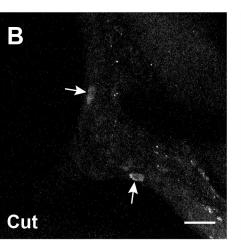


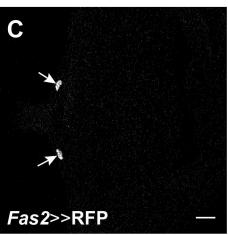
96h AEL vs. 120h AEL

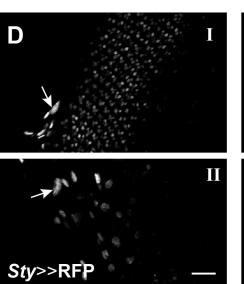
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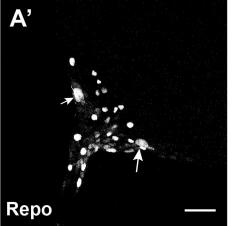


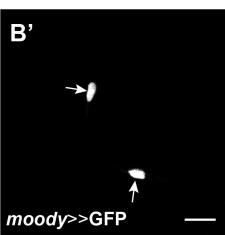


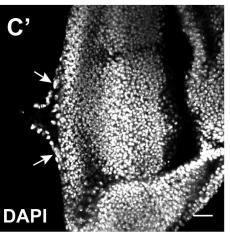


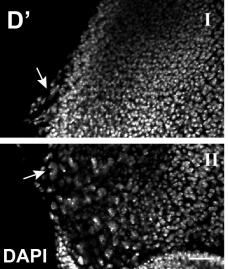


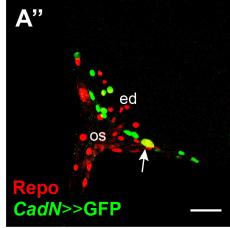


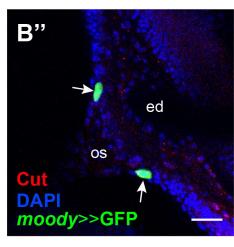


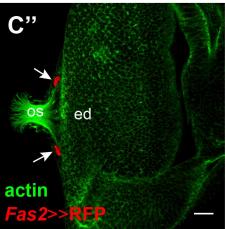


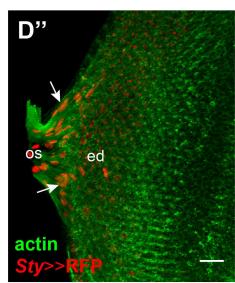


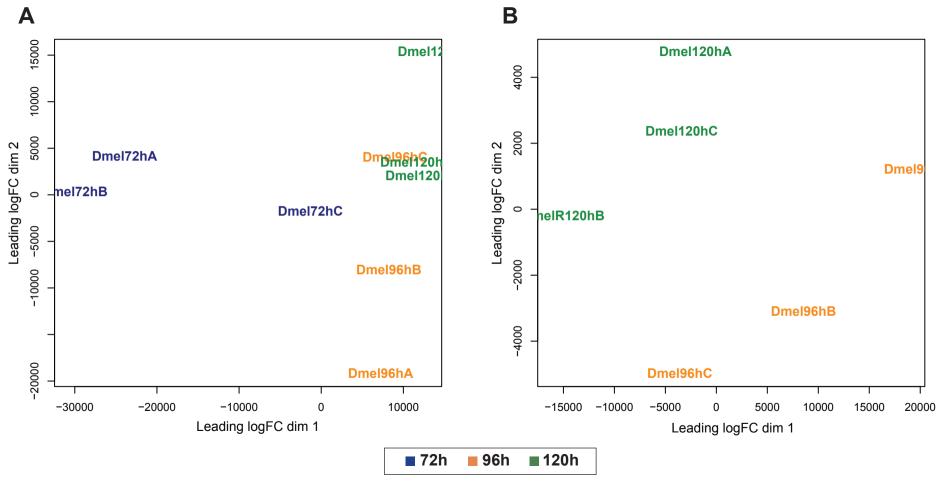






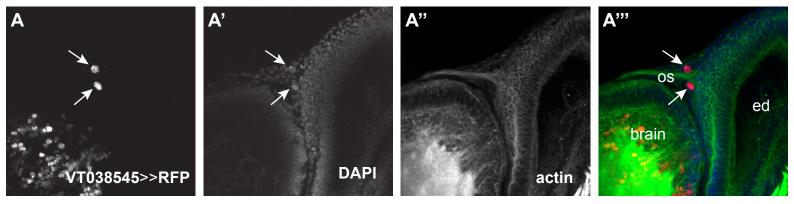




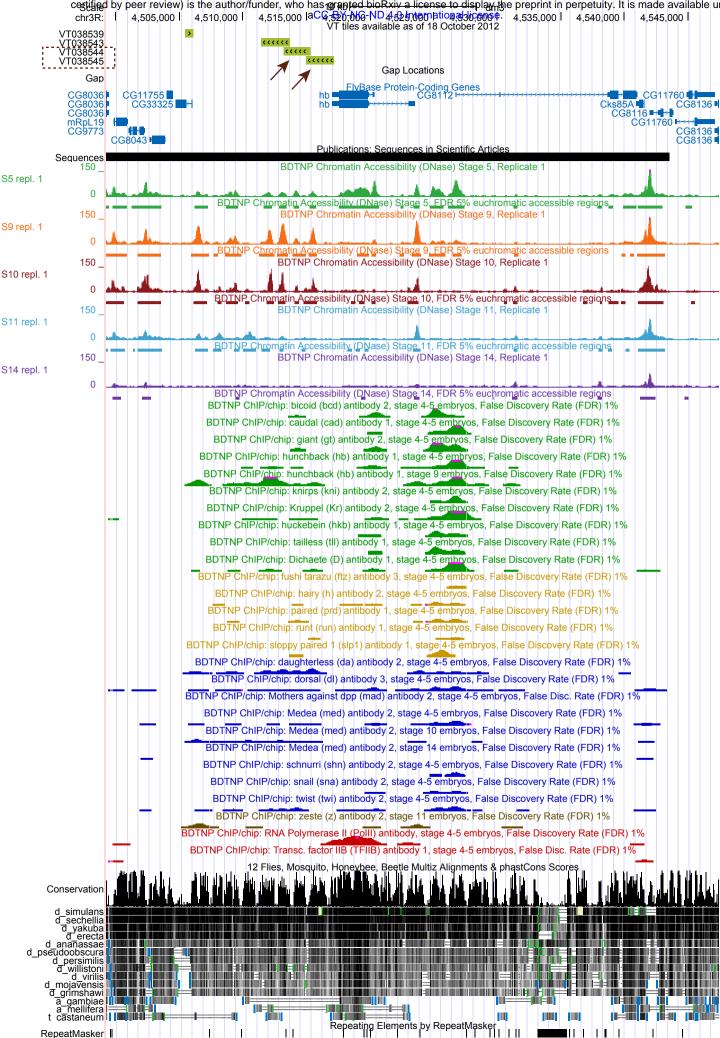


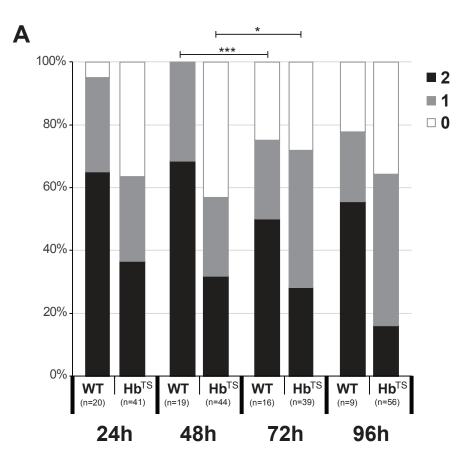
antenna disc

Mef2>>RFP DAPI



DAPI actin VT038544>>RFP





Β

Time at 28°C			p-value
	24h <i>vs.</i> 48h	WT	0.61
		Hb ^{⊤s}	0.65
	48h <i>vs.</i> 72h	WT	0.00
		Hb ^{⊤S}	0.02
	72h <i>vs.</i> 96h	WT	0.95
		Hb ^{TS}	0.12

