

## 1           **Epigenetic reprogramming by TET enzymes impacts co-transcriptional R-loops**

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### 11 12 13       **Abstract**

14       DNA oxidation by ten-eleven translocation (TET) family enzymes is essential for epigenetic  
15       reprogramming. The conversion of 5-methylcytosine (5mC) into 5-hydroxymethylcytosine  
16       (5hmC) initiates developmental and cell-type-specific transcriptional programs through  
17       mechanisms that include changes in the chromatin structure. Here, we show that the  
18       presence of 5hmC in the transcribed DNA promotes the annealing of the nascent RNA to its  
19       template DNA strand, leading to the formation of an R-loop. The genome-wide distribution  
20       of 5hmC and R-loops show a positive correlation in mouse and human embryonic stem cells  
21       and overlap in half of all active genes. Moreover, R-loop resolution leads to differential  
22       expression of a subset of genes that are involved in crucial events during stem cell  
23       proliferation. Altogether, our data reveal that epigenetic reprogramming via TET activity  
24       promotes co-transcriptional R-loop formation, and disclose novel links between R-loops and  
25       the regulation of gene expression programs in stem cells.

## 32 INTRODUCTION

33 During transcription, the nascent RNA molecule can hybridize with the template DNA and  
34 form a DNA:RNA hybrid and a displaced DNA strand. These triple-stranded structures, called  
35 R-loops, are physiologically relevant intermediates of several processes, such as  
36 immunoglobulin class-switch recombination and gene expression<sup>1</sup>. However, non-scheduled  
37 or persistent R-loops constitute an important source of DNA damage, namely DNA double-  
38 strand breaks (DSBs)<sup>1</sup>. To preserve genome integrity, cells possess diverse mechanisms to  
39 prevent the formation of R-loops or resolve them. R-loop formation is restricted by RNA-  
40 binding proteins and topoisomerase 1, whereas R-loops are removed by ribonucleases and  
41 helicases (reviewed in<sup>1</sup>). The ribonuclease H enzymes RNase H1 and RNase H2 degrade R-  
42 loops by digesting the RNA strand of the DNA:RNA hybrid. DNA and RNA helicases unwind  
43 the hybrid and restore the double-stranded DNA (dsDNA) structure. Several helicases  
44 unwind R-loops at different stages of the transcription cycle and in distinct physiological  
45 contexts<sup>1</sup>. For instance, we previously reported that the DEAD-box helicase 23 (DDX23)  
46 resolves R-loops formed during transcription elongation to regulate gene expression  
47 programs and prevent transcription-dependent DNA damage<sup>2</sup>. Intrinsic features of the  
48 transcribed DNA also influence its propensity to form R-loops. The presence of introns, for  
49 instance, prevents unscheduled R-loop formation at active genes<sup>3</sup>. An asymmetrical  
50 distribution of guanines (G) and cytosines (C) nucleotides in the DNA duplex also influences  
51 R-loop propensity, with an excess of Cs in the template DNA strand (positive G:C skew)  
52 favouring R-loop formation<sup>4</sup>. Moreover, chromatin and DNA features such as histone  
53 modifications, DNA-supercoiling and G-quadruplex structures also affect R-loop  
54 establishment<sup>1</sup>. R-loops can also drive chromatin modifications. Promoter-proximal R-loops  
55 enhance the recruitment of the Tip60–p400 histone acetyltransferase complex and inhibit  
56 the binding of polycomb repressive complex 2 and histone H3 lysine-27 methylation<sup>5</sup>. R-  
57 loops formed over G-rich terminator elements promote histone H3 lysine-9 dimethylation, a  
58 repressive mark that reinforces RNA polymerase II pausing during transcription  
59 termination<sup>6–8</sup>.

60 Besides affecting histone modifications, R-loops also act as barriers against DNA  
61 methylation spreading into active genes<sup>4,9</sup>. DNA methylation, namely 5-methylcytosine  
62 (5mC), results from the covalent addition of a methyl group to the carbon 5 of a C attached  
63 to a G through a phosphodiester bond (CpG)<sup>10</sup>. The activity of DNA methyltransferase

64 (DNMT) enzymes makes 5mC widespread across the mammalian genome where it plays  
65 major roles in imprinting, suppression of retrotransposon silencing and gene expression<sup>11</sup>.  
66 More than 70% of all human gene promoters contain stretches of CpG dinucleotides,  
67 termed CpG islands (CGIs), whose transcriptional activity is repressed by CpG  
68 methylation<sup>11,12</sup>. R-loops positioned near the promoters of active genes maintain CGIs in an  
69 unmethylated state<sup>9</sup>, likely by reducing the affinity of DNMT1 binding to DNA<sup>13</sup>, or recruiting  
70 methylcytosine dioxygenases ten-eleven translocation (TET) enzymes<sup>14</sup>.

71 The TET enzymes family members share the ability to oxidize 5mC to 5-  
72 hydroxymethylcytosine (5hmC)<sup>15,16</sup>. 5hmC is a relatively rare DNA modification found across  
73 the genome much less frequently than 5mC<sup>17</sup>. Genome-wide, 5hmC is more abundant at  
74 regulatory regions near transcription start sites (TSSs), promoters and exons, consistent  
75 with its role in gene expression regulation<sup>18</sup>. The levels of 5hmC are enriched at active  
76 promoter regions, as observed upon activation of neuronal function-related genes in neural  
77 progenitors and neurons<sup>15,19</sup>. 5hmC has the potential to modify the DNA helix structure by  
78 favouring DNA-end breathing motion, a dynamic feature of the protein–DNA complexes  
79 thought to control DNA accessibility<sup>17</sup>. Moreover, 5hmC weakens the interaction between  
80 DNA and nucleosomal H2A-H2B dimers, facilitating RNA polymerase II elongation, and  
81 diminishes the thermodynamic stability of the DNA duplex<sup>17</sup>. While 5mC increases the  
82 melting temperature, 5hmC reduces the amount of energy needed to separate the two  
83 strands of the DNA duplex<sup>20,21</sup>. Molecular dynamics simulations revealed that the highest  
84 amplitude of GC DNA base-pair fluctuations is observed in the presence of 5hmC, whereas  
85 5mC yielded GC base pairs with the lower amplitude values<sup>21</sup>. The presence of 5hmC  
86 destabilizes GC pairing by alleviating steric constraints through an increase in molecular  
87 polarity<sup>21</sup>.

88 Because features that destabilize the DNA duplex, such as supercoiling or G-  
89 quadruplexes, are known to facilitate nascent RNA annealing with the template DNA strand,  
90 we reasoned that 5hmC may favour R-loop formation. Here, we show that 5hmC promotes  
91 R-loop formation during *in vitro* transcription of DNA templates. Moreover, changing the  
92 expression levels and genomic targeting of TET enzymes affects R-loop levels in cells.  
93 Analysis of genome-wide distribution profiles shows a positive correlation between 5hmC  
94 and R-loops in mouse embryonic stem (mES) and human embryonic kidney 293 (HEK293)  
95 cells, with a clear overlap of 5hmC and R-loops in approximately half of all active genes. We

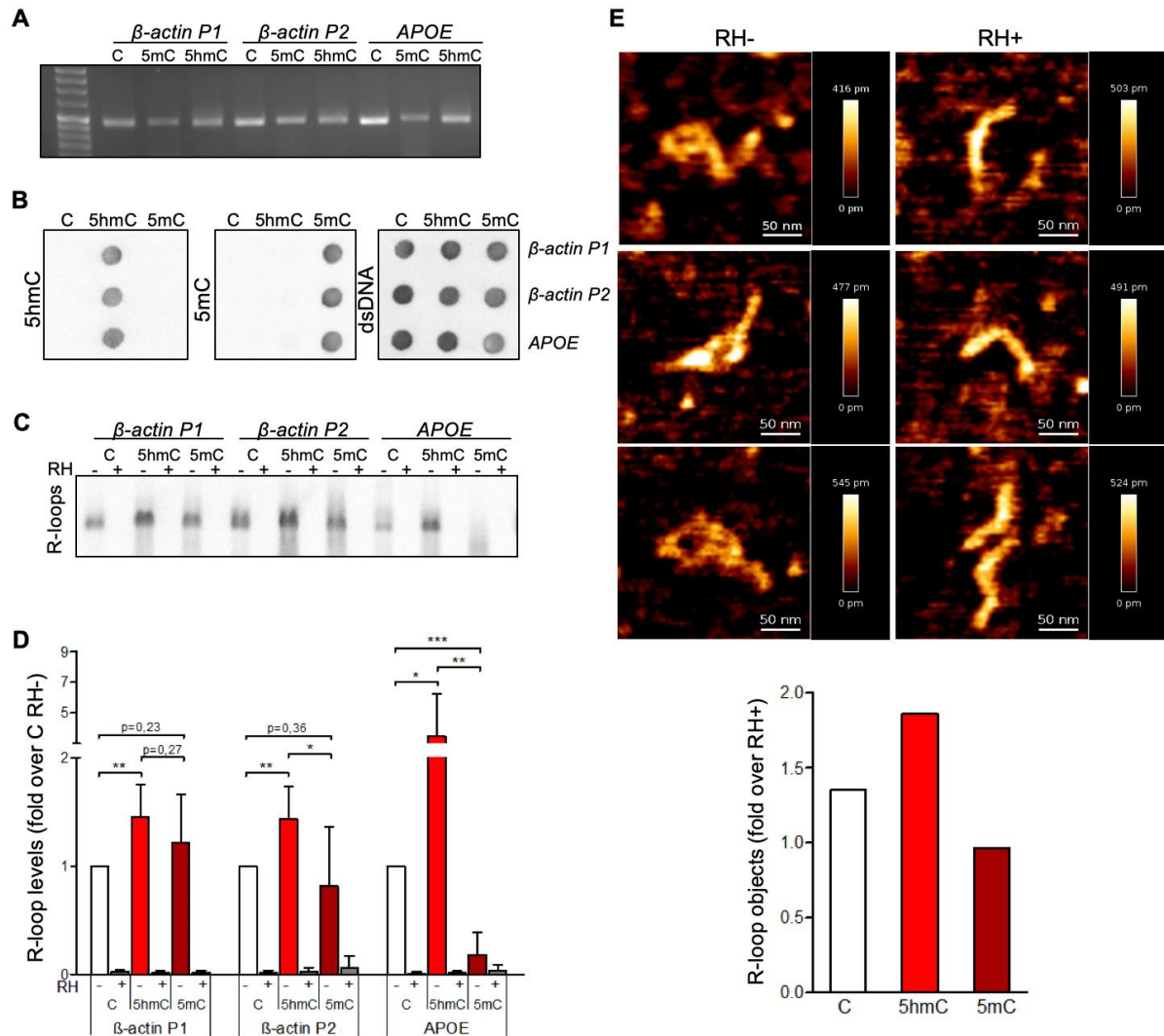
96 also show that 5hmC-rich regions are characterized by increased levels of phosphorylated  
97 histone H2AX ( $\gamma$ H2AX), a marker of DNA damage. Finally, by determining the pathways more  
98 significantly affected by R-loops formed at 5hmC loci, we propose a novel function for R-  
99 loops in regulating gene expression programs that drive stem cell proliferation.

100

## 101 RESULTS

### 102 Transcription through 5hmC-rich DNA favours R-loop formation

103 To assess the impact of cytosine methylation on R-loop formation, we performed *in vitro* T7  
104 transcription of DNA fragments containing either native or modified cytosine  
105 deoxyribonucleotides (dCTPs). We synthesized three distinct DNA transcription templates,  
106 each composed of a T7 promoter followed by a 400bp sequence containing a genomic  
107 region prone to form R-loops *in vivo*<sup>2,8</sup>. Two of these sequences ( $\beta$ -actin P1 and  $\beta$ -actin P2)  
108 are from the transcription termination region of the  $\beta$ -actin gene; the third sequence is from  
109 the *APOE* gene. The DNA templates for the *in vitro* transcription reactions were generated  
110 by PCR-amplification in the presence of dNTPs containing either native C, 5mC, or 5hmC  
111 (**Figure 1A**). Successful incorporation of dCTP variants was confirmed by immunoblotting  
112 using specific antibodies against each variant (**Figure 1B**). The formation of R-loops during  
113 the *in vitro* transcription reactions was inspected by blotting immobilized RNAs with the  
114 S9.6 antibody, which recognizes the DNA:RNA hybrids (**Figure 1C**). To increase the specificity  
115 of hybrid detection, all samples were treated with RNase A in high salt conditions in order to  
116 digest all RNA molecules except those engaged in R-loops. The specific detection of  
117 DNA:RNA hybrids was confirmed by blotting transcription reaction products previously  
118 digested with RNase H (**Figure 1C**). In agreement with our hypothesis that 5hmC favours R-  
119 loops, increased amounts of DNA:RNA hybrids were detected in samples derived from *in*  
120 *vitro* transcription of 5hmC-rich  $\beta$ -actin P1,  $\beta$ -actin P2 and *APOE* DNA templates (**Figure 1D**).  
121 To directly visualize and quantify R-loop structures obtained in the *in vitro* transcription  
122 reactions we performed atomic force microscopy (AFM) experiments (**Figure 1E**). R-loops  
123 were visualized as blob, spur or loop structures, as previously described<sup>22,23</sup>. Quantification  
124 of these structures revealed that transcription products from 5hmC-rich DNA templates  
125 were enriched in R-loops, which were extensively lost upon RNase H treatment.



126

127 **Figure1: 5hmC favours co-transcriptional R-loop formation.** (A) Native or modified dCTPs were  
 128 incorporated upon PCR amplification into DNA fragments with sequences from the transcription  
 129 termination region of the  $\beta$ -actin gene ( $\beta$ -actin P1 and  $\beta$ -actin P2) or the APOE gene. (B)  
 130 Incorporation of dCTP variants confirmed by immunoblotting using specific antibodies against 5mC,  
 131 5hmC and double-stranded DNA (dsDNA). (C) R-loops formed upon *in vitro* transcription reactions  
 132 were detected by immunoblotting using the S9.6 antibody. RNase H-treated *in vitro* transcription  
 133 reaction products (RH+) serve as negative controls. All data are representative of seven independent  
 134 experiments with similar results. (D) S9.6 immunoblots were quantified and the R-loop levels  
 135 normalized against the levels detected in the reaction products of DNA templates containing native  
 136 C. Data represent the mean and standard deviation (SD) from seven independent experiments.  
 137 \* $p < 0.05$ , \*\* $p < 0.01$  and \*\*\* $p < 0.001$ , using two-tailed Student's t test. (E) *In vitro* transcription  
 138 reaction products of  $\beta$ -actin P2 templates were visualized using atomic force microscopy. R-loop  
 139 structures obtained from 5hmC-containing  $\beta$ -actin P2 transcription in the absence (RH-) or presence  
 140 (RH+) of RNase H are shown. R-loops present in the transcription reaction products of C, 5mC or  
 141 5hmC-containing  $\beta$ -actin P2 templates were counted in a minimum of 80 filaments observed in three  
 142 individual AFM experiments.

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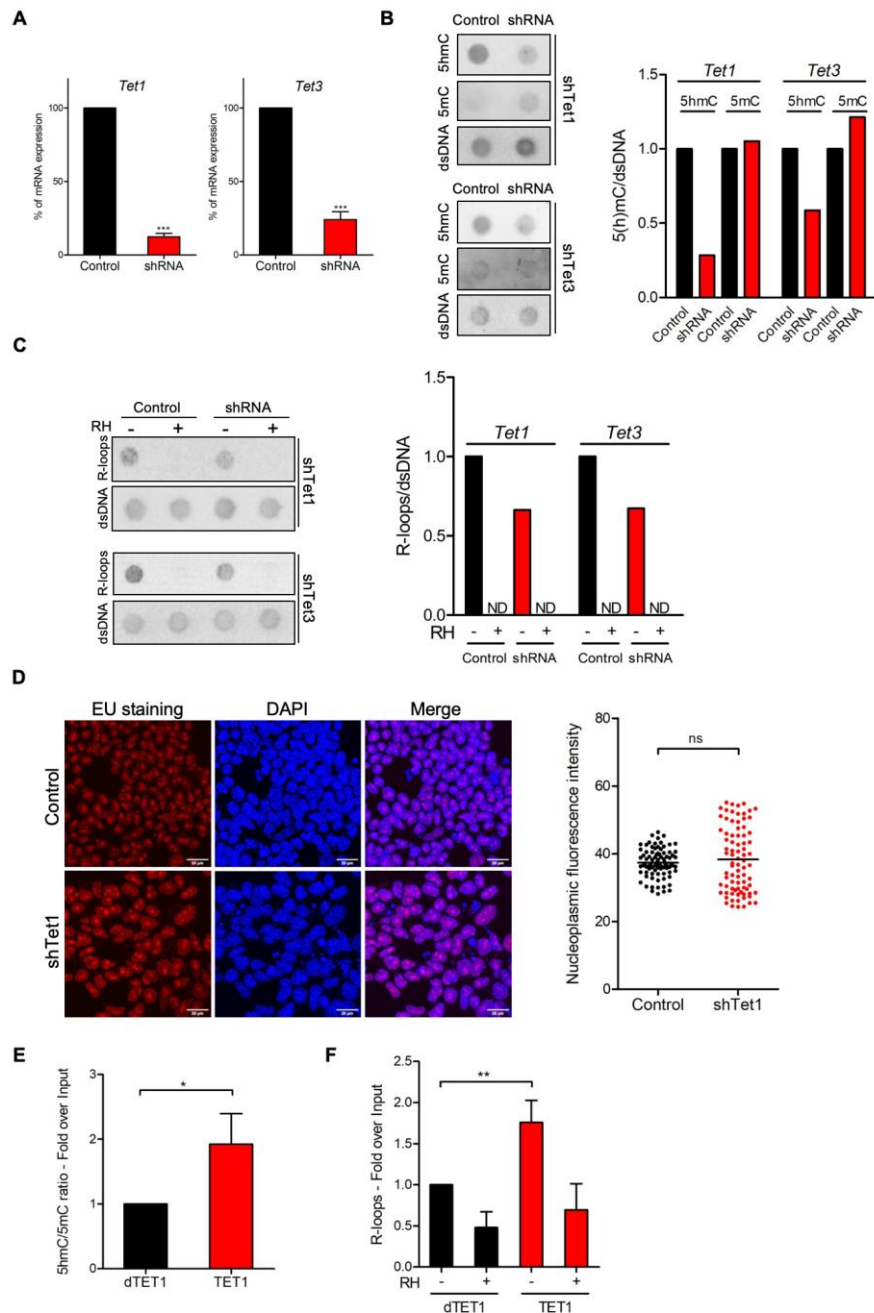
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## 145 TET enzymatic activity impacts endogenous R-loop levels

146 We next sought to test whether the 5hmC DNA modification induces R-loop formation in  
147 cells. We quantified R-loop levels in mES cells carrying doxycycline (dox)-inducible shRNAs  
148 targeting either *Tet1* or *Tet3*<sup>24</sup> (**Figure 2A**). In agreement with their role in converting 5mC  
149 into 5hmC, knockdown of *Tet1* and *Tet3* in mES cells resulted in decreased total cellular  
150 5hmC, whereas 5mC showed a mild increase (**Figure 2B**). Dot-blot hybridization of total  
151 cellular nucleic acids using the S9.6 antibody revealed that depletion of each TET enzyme  
152 reduced endogenous R-loops (**Figure 2C**). We then asked whether global changes in  
153 transcription rates contributed to reducing R-loop levels in TET1-depleted cells. We  
154 quantified fluorescent 5-ethynyl uridine (EU) incorporation into nascent RNA molecules in  
155 mES cells upon TET1 knockdown (**Figure 2D**). TET1 knockdown did not reduce global EU  
156 incorporation, indicating that diminished transcription cannot account for the observed  
157 reduction in R-loop levels.

158 Next, we employed a modified CRISPR-based system to target TET enzymatic activity  
159 to specific loci<sup>25</sup>. We used a pool of three specific guide RNAs (gRNAs) to direct a  
160 catalytically inactive Cas9 nuclease fused to the catalytic domain of TET1 (dCas9-TET1) to  
161 the last exon of the *APOE* gene. As a control, dCas9 was fused to an inactive mutant version  
162 of the TET1 catalytic domain (dCas9-dTET1). Local enrichment of 5hmC following dCas9-  
163 TET1 targeting at the *APOE* locus was confirmed by DNA immunoprecipitation using  
164 antibodies specific for 5mC or 5hmC modified nucleotides (**Figures 2E**). DNA:RNA  
165 immunoprecipitation (DRIP) experiments detected increased R-loop levels in the last exon  
166 of *APOE* upon tethering of dCas9-TET1 but not of dCas9-dTET1 (**Figures 2F**). Collectively,  
167 these data suggest that editing 5hmC density by changing the expression levels or the  
168 genomic distribution of TET enzymes influences R-loop formation in cells.

169



170

171 **Figure 2: TET enzymatic activity impacts R-loop levels.** (A) *Tet1* and *Tet3* mRNA expression levels in  
 172 mES cells stably expressing dox-inducible shRNA targeting *Tet1* or *Tet3*. Graphs show mean and SD  
 173 of mRNA expression in dox-treated cells normalized to control cells (no dox). Data are from three  
 174 independent experiments. \*\*\* $p < 0.001$ , two-tailed Student's t test. (B) 5mC and 5hmC immunoblot  
 175 in *Tet1* and *Tet3*-depleted cell extracts (shTet1 and shTet3). Blots were quantified, normalized  
 176 against dsDNA levels and plotted in a bar graph. Data are representative of three independent  
 177 experiments. (C) R-loops were detected by immunoblot in *Tet1* and *Tet3*-depleted cell extracts. Blots  
 178 were quantified, normalized against dsDNA levels and plotted in a bar graph. Data are  
 179 representative of three independent experiments. ND=not detected. (D) Transcription levels in *Tet1*-  
 180 depleted mES cells assessed through EU-incorporation. DAPI was added to stain DNA. Scale bars: 20  
 181  $\mu$ m. Data are representative of three independent experiments with similar results. The scatter plot  
 182 represents EU nucleoplasmic fluorescence intensity. Horizontal solid lines represent the mean

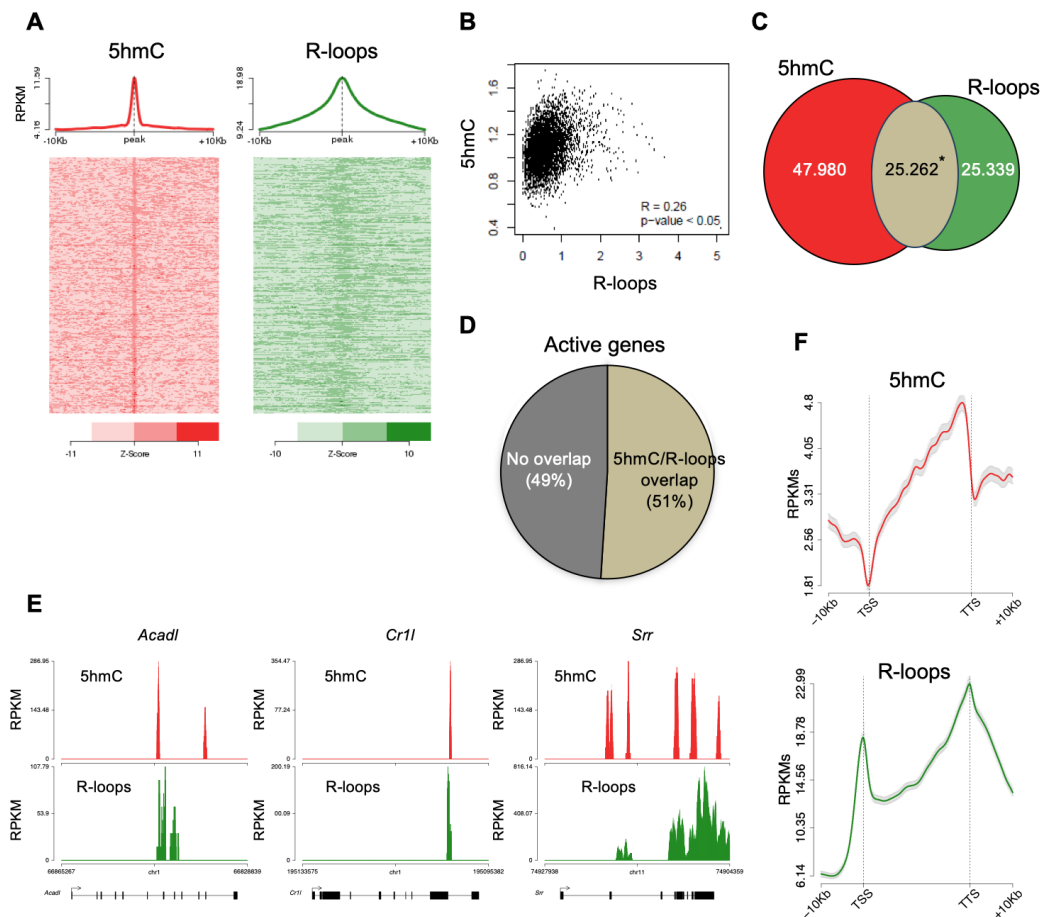
183 values. Over 90 cells from three individual experiments were scored for each experimental condition  
184 and statistical significance was determined using the Mann Whitney test ( $p > 0.05$ ). **(E)** Changes in the  
185 5hmC/5mC ratio at the last exon of the *APOE* gene in U2OS cells expressing dCas9-TET1 or dCas9-  
186 dTET1 with gRNA targeting this locus. Data show the mean and SD of the 5hmC/5mC ratio obtained  
187 in cells expressing dCas9-TET1 normalized to the same ratio in dCas9-dTET1 cells from three  
188 independent experiments.  $*p < 0.05$ , two-tailed Student's t test. **(F)** R-loop levels in the *APOE* locus  
189 assessed by DRIP. Data show R-loop levels in dCas9-TET1 expressing cells normalized to dCas9-dTET1  
190 cells. RNase H-treated samples (RH+) serve as negative controls. Mean and SD are from three  
191 independent DRIP experiments.  $**p < 0.01$ , two-tailed Student's t test.

192

### 193 **5hmC and R-loops overlap genome-wide at transcriptionally active genes**

194 To further inspect the link between 5hmC and R-loops we performed computational  
195 analyses of 5hmC antibody-based DNA immunoprecipitation (hMeDIP-seq) and DNA:RNA  
196 immunoprecipitation (DRIP-seq) datasets from mES and HEK293 cells<sup>5,26-28</sup>. To assess  
197 individual genome-wide distribution profiles, R-loops density was probed over fixed  
198 windows of  $\pm 10$  kbp around the 5hmC peaks (**Figure 3A and Supplementary Figure 1A**). The  
199 resulting metagene plots and heatmaps revealed a marked overlap between 5hmC-rich loci  
200 and R-loops. Despite the distinct distribution patterns of 5hmC (well-defined peaks) and R-  
201 loops (reads spanning genomic regions with highly heterogeneous lengths, ranging between  
202 a few dozen to over 1 kb<sup>5</sup>), we could obtain a statistically significant Pearson correlation  
203 coefficient between both ( $p < 0.05$ ) (**Figure 3B and Supplementary Figure 1B**). Furthermore,  
204 approximately half of all R-loops detected genome-wide occurred at 5hmC-containing loci  
205 (**Figure 3C and Supplementary Figure 1C**). Notably, we observed an overlap between 5hmC  
206 and R-loops in 6839 (51%) out of the 13288 actively expressed genes (**Figure 3D**), a feature  
207 illustrated in the individual profiles of mouse and human genes (**Figure 3E and**  
208 **Supplementary Figure 1D**). Metagene profiles revealed very similar patterns of intragenic  
209 distribution, with both 5hmC and R-loops increasing towards the transcription termination  
210 site (TTS), where they reached maximum levels (**Figure 3F**). At the transcription start sites  
211 (TSS), however, the 5hmC DNA modification was mostly absent, whereas R-loops were  
212 abundant. The detection of R-loop peaks at TSS regions is in agreement with previous  
213 studies<sup>4,9</sup> and imply that 5hmC is not necessary for co-transcriptional DNA:RNA  
214 hybridization and R-loop formation.



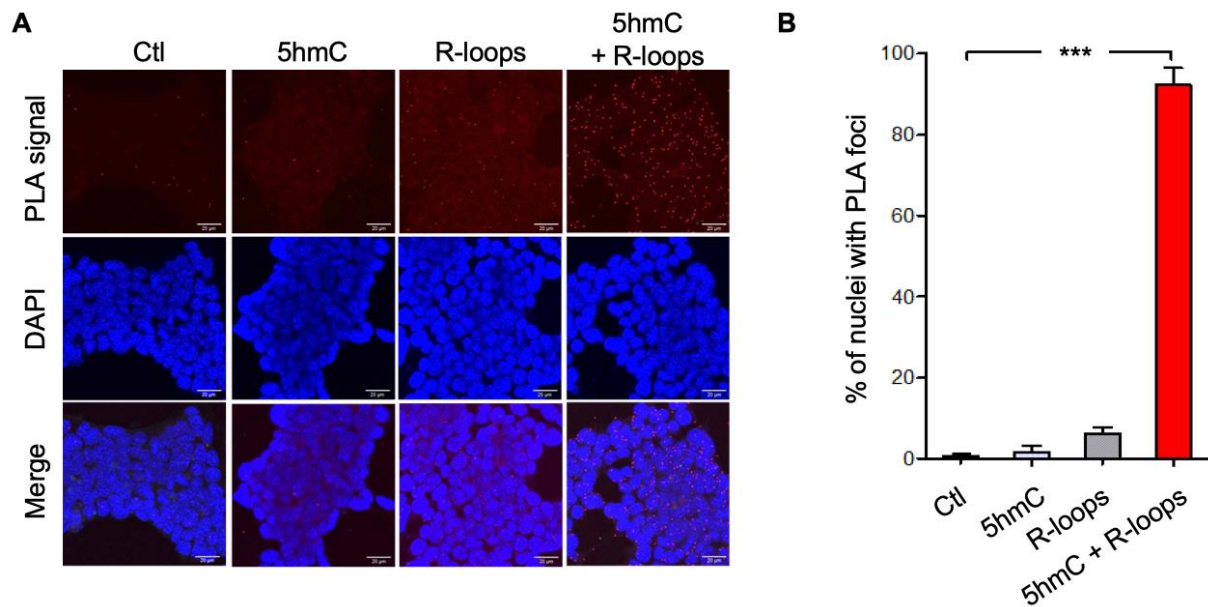


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216 **Figure 3: 5hmC and R-loops overlap in active genes of mES cells.** (A) Metagene and heatmap  
 217 profiles of 5hmC and R-loops probed over fixed windows of  $\pm 10$  kbp around the 5hmC peaks in  
 218 expressed genes. (B) Pearson correlation coefficient between 5hmC and R-loops distribution within  
 219 active genes ( $p < 0.05$ ). (C) Number of loci displaying 5hmC, R-loops, and overlapping 5hmC and R-  
 220 loops. \*Permutation analysis,  $p < 0.05$ . (D) Percentage of active genes displaying overlapping 5hmC  
 221 and R-loops. (E) Individual profiles of 5hmC and R-loop distribution along the *Acadl*, *Cr1l* and *Srr*  
 222 genes. Density signals are represented as reads per kilobase (RPKM). (F) Metagene profiles of 5hmC  
 223 and R-loops distribution in active genes. The gene body region was scaled to 60 equally-sized bins  
 224 and  $\pm 10$  kbp gene-flanking regions were averaged in 200bp windows. TSS: transcription start site.  
 225 TTS: transcription termination site. Density signals are represented as RPKMs and error bars (gray)  
 226 represent standard error of the mean.

227

228 We then sought to simultaneously detect 5hmC and R-loops at the same loci in individual  
 229 mES cells. We performed proximity ligation assays (PLA) using S9.6 and anti-5hmC  
 230 antibodies (Figure 4A). While control reactions with each antibody alone or without primary  
 231 antibodies did not produce a significant PLA signal, staining with S9.6 and anti-5hmC  
 232 antibodies gave rise to a robust signal scattered throughout the nucleus in 92% of all cells  
 233 (Figure 4B).



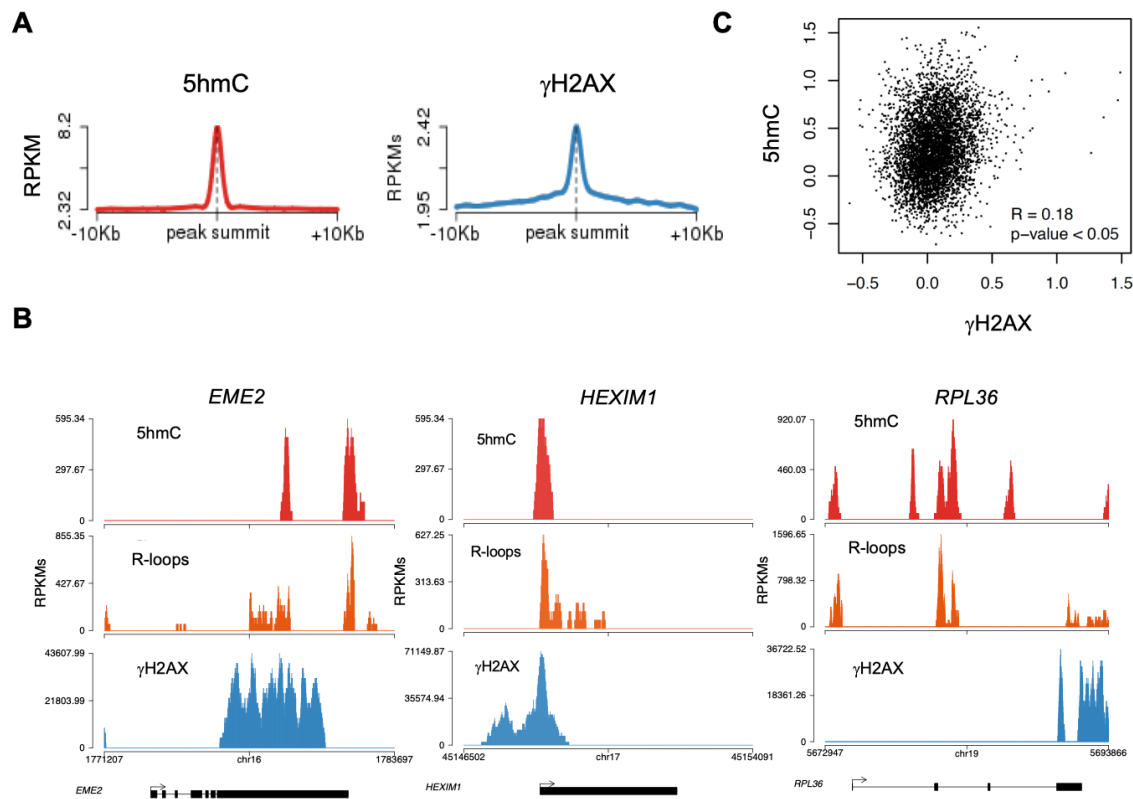
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235 **Figure 4: Simultaneous detection of 5hmC and R-loops at the same genomic loci in individual mES**  
236 **cells. (A)** 5hmC and R-loops PLA foci in mES cells. DAPI was added to the mounting medium to stain  
237 DNA. Scale bars: 20 $\mu$ m. Data are representative of three independent experiments with similar  
238 results. **(B)** The bar graph shows the mean and SD of the percentage of cells containing 5hmC and R-  
239 loops PLA foci. A minimum of 300 cells from three individual experiments was scored for each  
240 experimental condition. \*\*\* $p < 0.001$ , two-tailed Student's t test.

241

## 242 **5hmC-rich loci are genomic hotspots for DNA damage**

243 Disruption of R-loop homeostasis is a well-described source of genomic instability<sup>1</sup>. For  
244 instance, co-transcriptional R-loops increase conflicts between transcription and replication  
245 machineries by creating an additional barrier to fork progression<sup>29,30</sup>. Such conflicts may  
246 cause DNA damage, including DSBs, which can be revealed using antibodies against  $\gamma$ H2AX.  
247 We analysed the genomic distribution of  $\gamma$ H2AX by interrogating chromatin  
248 immunoprecipitation followed by sequencing (ChIP-seq) data from HEK293 cells<sup>31</sup>. The  
249 individual distribution profiles of  $\gamma$ H2AX were analysed over fixed windows of  $\pm 10$  kbp  
250 around the 5hmC peaks detected in the same cells (**Figure 5A**). The resulting metagene plots  
251 revealed marked enrichment of  $\gamma$ H2AX at 5hmC-rich loci. The genic distribution of 5hmC and  
252 R-loops along three different genes further showed co-localization of the two marks with  
253  $\gamma$ H2AX (**Figure 5B**). Analysis of  $\gamma$ H2AX and 5hmC distribution within active genes revealed a  
254 low yet statistically significant Pearson correlation coefficient ( $p < 0.05$ ) (**Figure 5C**).



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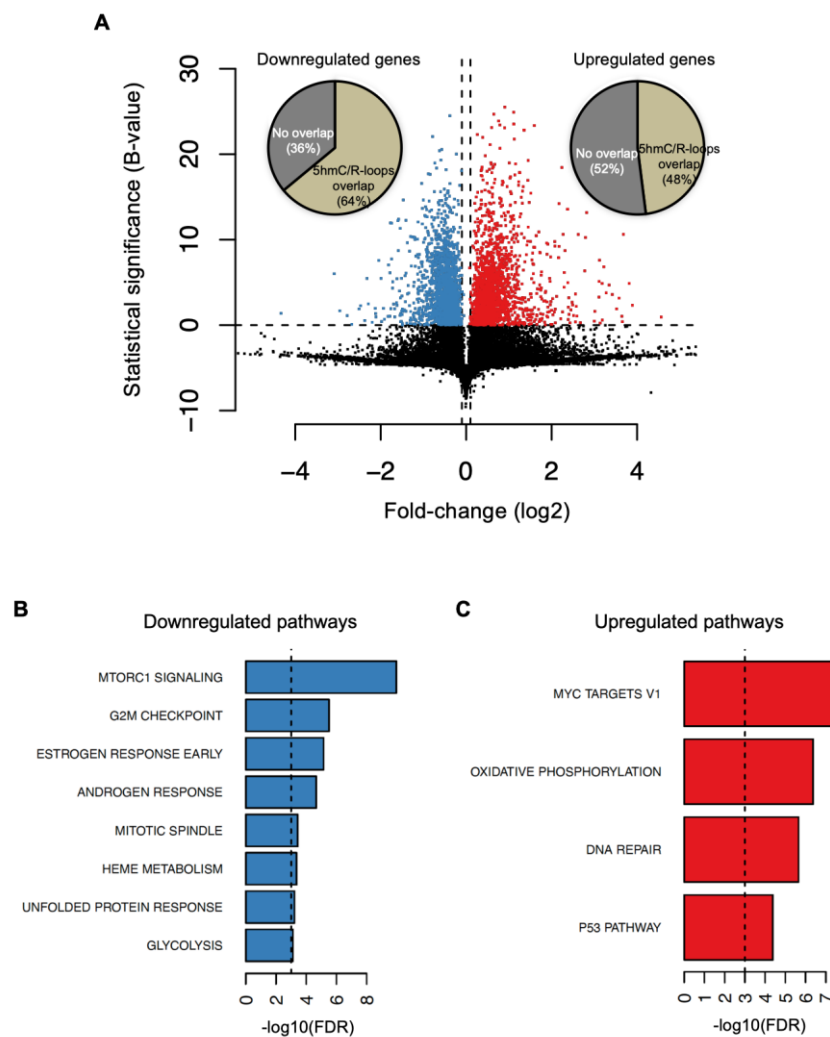
256 **Figure 5: 5hmC-rich loci are genomic hotspots for DNA damage.** (A) Metagene profiles of 5hmC and  
 257  $\gamma$ H2AX probed over fixed windows of  $\pm 10$  kbp around the 5hmC peaks in expressed genes of HEK293  
 258 cells. (B) Individual profiles of 5hmC, R-loops and  $\gamma$ H2AX distribution along the *EME2*, *HEXIM1* and  
 259 *RPL36* genes. Density signals are represented as reads per kilobase (RPKMs). (C) Pearson correlation  
 260 coefficient between 5hmC and  $\gamma$ H2AX at active genes ( $p < 0.05$ ).

261

262 **R-loops formed at 5hmC-rich regions impact the expression of genes involved in**  
 263 **establishing diapause**

264 To gather insights into the functional impact of R-loops at 5hmC-rich DNA regions, we  
 265 analysed whole-transcriptome (RNA-seq) of mES cells overexpressing RNase H, a condition  
 266 resulting in genome-wide loss of R-loops<sup>5</sup>. Amongst the genes that were differentially  
 267 expressed, we found that 64% and 48% of all downregulated and upregulated genes,  
 268 respectively, displayed R-loops overlapping with 5hmC (Figure 6A). Pathway analysis  
 269 revealed that these differentially expressed genes (Supplementary Table 1) are involved in  
 270 the mechanistic target of rapamycin (mTOR) (downregulated) and MYC (upregulated)  
 271 signalling pathways (Figure 6B and C). mTOR and MYC are known to play opposite roles in  
 272 establishing diapause, the temporary suspension of embryonic development driven by  
 273 adverse environmental conditions<sup>32</sup>, a stage that ES cells mimic when cultured *in vitro*.

274 mTOR, a major nutrient sensor, acts as a rheostat during ES cell differentiation and  
275 reductions in mTOR activity trigger diapause<sup>33</sup>. This raises the hypothesis that RNase H  
276 impacts the proliferation of ES cells. To directly investigate this hypothesis, we  
277 overexpressed RNase H in mES cells. Analysis of the cellular DNA content 24 and 48h after  
278 RNase H overexpression did not reveal any significant changes in the cell cycle progression  
279 (**Supplementary Figure 2A and B**). This finding suggests that fine-tuned R-loop formation at  
280 specific loci, rather than global changes in R-loop levels, commands the activation of specific  
281 gene expression programs in ES cells.



282

283 **Figure 6: Cellular pathways affected by R-loops formed at 5hmC loci.** (A) Volcano plot displaying  
284 the differentially expressed genes in mES cells upon RNase H overexpression. Of all downregulated  
285 and upregulated genes, 64% and 48% displayed R-loops overlapping with 5hmC, respectively. (B-C)  
286 Pathway analysis of the genes that have R-loops overlapping with 5hmC and are differentially  
287 expressed upon RNase H overexpression. Shown are the significantly downregulated (B) and  
288 upregulated (C) hallmark gene sets from MSigDB. False discovery rate (FDR),  $p < 0.001$ .

## 289 DISCUSSION

290 In this study, we probed the hypothesis that 5hmC facilitates the co-transcriptional  
291 formation of non-canonical DNA secondary structures, known as R-loops. Data from *in vitro*  
292 transcription reactions and atomic force microscopy provide direct evidence showing that  
293 transcription through 5hmC-rich DNA favours R-loop formation. Using a well-established  
294 cellular model that allows the selective depletion of TET enzymes from mES cells, we  
295 demonstrate that TET activity increases endogenous R-loop levels. Notably, the diminished  
296 levels of R-loops observed in TET-depleted cells did not result from impaired transcription,  
297 suggesting that 5hmC directly promotes R-loop formation. In agreement, tethering TET  
298 enzymes to a specific genomic locus using a CRISPR/Cas9-based system increase the levels  
299 of R-loops at the target locus.

300 As R-loops play diverse physiological roles<sup>1</sup>, our findings associate TET activity to  
301 numerous novel functions such as the regulation of gene expression, telomere homeostasis  
302 or the maintenance of genome integrity. Whether 5hmC-editing at promoter regions or  
303 gene 3' ends instructs transcription initiation or termination, respectively, through the  
304 regulation of R-loops is still to be directly investigated. Nevertheless, our finding that  
305 genome-wide 5hmC and R-loops overlap more robustly at the transcription termination site  
306 of active genes supports a model whereby TET enzymes act upstream of R-loop formation  
307 during transcription termination<sup>34</sup>. Telomeres, the nucleoprotein complexes found at the  
308 ends of linear eukaryotic chromosomes, can be maintained in proliferating ES and cancer  
309 cells by either the activity of telomerase or the alternative lengthening of telomeres (ALT)  
310 pathway<sup>35</sup>. ALT telomeres are maintained by mechanisms relying on homologous  
311 recombination (HR) between telomeric repeats. R-loops form extensively during  
312 transcription of telomeric-repeat-containing RNA (TERRA) and trigger a telomere specific  
313 replication stress, which promotes HR and re-elongation of telomeres by ALT<sup>36,37</sup>. Notably,  
314 mES cells depleted of *Tet1* and/or *Tet2* exhibit short telomeres and chromosomal instability,  
315 concomitant with reduced telomere recombination<sup>38</sup>. This suggests that telomeric 5hmC  
316 might promote HR at telomeres through the establishment of R-loops.

317 Owing to their link with R-loops, 5hmC may also harm genome integrity if not  
318 properly controlled. Indeed, we found that 5hmC-rich loci are hotspots for DNA damage  
319 genome-wide. In addition to altering the expression levels of tumour suppressors or

320 oncogenes<sup>39</sup>, our findings suggest that TET-driven changes in the DNA methylation  
321 landscape may as well drive transcription-dependent genome damaging events that could  
322 facilitate cancer development and progression. In agreement with this view, a TET1 isoform  
323 that lacks regulatory domains, including its DNA binding domain, but retains its catalytic  
324 activity is enriched in cancer cells<sup>40</sup>, suggesting that mis-targeted TET activity may drive  
325 oncogenic events, such as genomic instability. Conversely, TET activity deposits 5hmC at  
326 DNA damage sites induced by aphidicolin or microirradiation in HeLa cells and prevents  
327 chromosome segregation defects in response to replication stress<sup>41</sup>. Hence, TETs may play  
328 dual roles as both oncogenic and tumour suppressor genes, with the former arising as the  
329 consequence of altered expression levels or function, as observed in several cancers, such  
330 as triple-negative breast cancer<sup>39,42</sup>.

331 While the role that TET enzymes play during carcinogenesis is not yet clear, the  
332 impact of 5hmC on stem cell differentiation and development has been extensively  
333 studied<sup>24</sup>. By driving the developmental DNA methylome reprogramming, TETs carry out  
334 numerous functions related to early developmental processes. Here, we disclose a putative  
335 new role for R-loops as mediators of 5hmC-driven gene expression programs that determine  
336 the self-renewal and differentiation capabilities of stem cells. Our gene ontology analysis  
337 revealed that R-loops formed at 5hmC-rich regions impact the expression of genes involved  
338 in establishing diapause. This stage of temporary suspension of embryonic development is  
339 triggered by adverse environmental conditions<sup>32</sup>. Accordingly, changes in the activity of  
340 mTOR, a major nutrient sensor, control ES cell commitment to trigger diapause<sup>33</sup>. The mTOR  
341 signalling pathway was significantly downregulated upon global R-loop suppression by  
342 RNase H. Conversely, MYC targets, which prevent ES cells from entering the state of  
343 dormancy that characterizes diapause<sup>43</sup>, were amongst the genes more significantly  
344 upregulated upon RNase H overexpression in mES cells. MYC proteins drive  
345 hypertranscription in ES cells, accelerating the gene expression output associated with  
346 increased cell proliferation<sup>44</sup>. In agreement with the view that 5hmC-driven R-loop  
347 formation impacts functions related with mES cell proliferation, we observed a significant  
348 upregulation of genes involved in oxidative phosphorylation (OXPHOS), DNA repair and p53  
349 signalling upon RNase H overexpression. Upregulation of OXPHOS, the main source of  
350 energy in most mammalian cells, including ES cells, may fulfil the energetic needs of ES cells

351 resuming proliferation as they exit diapause<sup>45</sup>. Augmented expression of DNA repair and  
352 p53 signalling strengthen the genome caretaker and gatekeeper mechanisms that cope with  
353 the DNA damage burst observed in highly proliferative cells<sup>46</sup>. This seemingly dichotomous  
354 effect of RNase H overexpression in ES cells (i.e. decreased mTOR and increased MYC  
355 signalling, simultaneously), was further corroborated by the lack of significant changes in  
356 the proliferation rate of mES cells upon RNase H overexpression. Whether the controlled  
357 5hmC-driven formation of R-loops at specific genes, namely MYC or mTOR targets, is  
358 sufficient to commit ES cells towards proliferation or establishing diapause and how do TET  
359 enzymes capture the environmental cues to target R-loop formation at selected genes are  
360 important questions that emerge from our findings. Thus, our data set the ground for  
361 further research aimed at investigating the role of R-loops in ES cells.

362

## 363 **MATERIALS AND METHODS**

### 364 **Cell lines and culture conditions**

365 E14TG2a (E14) mouse embryonic stem (mES) cells were provided by Domingos Henrique  
366 (Instituto de Medicina Molecular João Lobo Antunes), and were a gift from Austin Smith  
367 (Univ. of Exeter, UK)<sup>47</sup>. 129S4/SvJae (J1) mES cells were kindly provided by Joana Marques  
368 (Medical School, University of Porto). Cells were grown as monolayers on 0,1% gelatine  
369 (410875000, Acros Organics) coated dishes, using Glasgow Modified Eagle's Medium  
370 (GMEM) (21710-025, Gibco), supplemented with 1% (v/v) 200mM L-glutamine (25030-024,  
371 Thermo Scientific), 1% (v/v) 100mM sodium pyruvate (11360-039, Gibco), 1% (v/v) 100x  
372 non-essential aminoacids solution (11140-035, Gibco), 0,1% (v/v) 0,1M 2-mercaptoethanol  
373 (M7522, Sigma Aldrich), 1% (v/v) penicillin-streptomycin solution (15070-063, Gibco) and  
374 10% (v/v) heat-inactivated, ES-qualified FBS (SH30070, Cytiva). Medium was filtered through  
375 a 0,22µm filter. Home-produced leukaemia inhibitory factor (LIF) was added to the medium  
376 upon plating, at  $6 \times 10^{-2}$  ng/µL. U2OS osteosarcoma and HEK293T embryonic kidney cells  
377 (purchased from ATCC) were grown as monolayers in Dulbecco's Modified Eagle medium  
378 (DMEM) (21969-035, Gibco), supplemented with 1% (v/v) 200mM L-glutamine (25030-024,  
379 Thermo Scientific), 1% (v/v) penicillin-streptomycin solution (15070-063, Gibco) and 10%

380 (v/v) FBS (10270106, Gibco). All cells were maintained at 37°C in a humidified atmosphere  
381 with 5% CO<sub>2</sub>.

### 382 **Tet knockdown**

383 J1 mES cells with doxycycline-inducible short hairpin RNA-micro RNA (shRNA –  
384 **Supplementary Table 2**) sequences targeting *Tet1* or *Tet3* were treated for 48h with 2  
385 µg/mL doxycycline (D9891, Sigma Aldrich).

### 386 **RNA isolation and quantitative RT-PCR**

387 Total RNA was isolated from J1 mES cells under doxycycline treatment for 48h, using TRIzol  
388 reagent (15596018, Invitrogen). cDNA was prepared through reverse transcriptase activity  
389 (MB125, NZYTech). RT-qPCR was performed in the ViiA 7 Real-Time PCR system (Applied  
390 Biosystems), using PowerUp SYBR Green Master Mix (A25918, Applied Biosystems). The  
391 relative RNA expression was estimated as follows:  $2^{(Ct_{reference} - Ct_{sample})}$ , where Ct reference  
392 and Ct sample are mean threshold cycles of RT-qPCR done in duplicate for the *U6* snRNA or  
393 *Gapdh* and for the gene of interest, respectively. Primer sequences are presented in  
394 **Supplementary Table 3**.

### 395 **R-loops dot blot**

396 J1 mES cells were collected after 48h of doxycycline treatment and lysed in lysis buffer  
397 (100mM NaCl, 10mM Tris pH 8.0, 25mM EDTA pH 8.0, 0,5% SDS, 50 µg/mL Proteinase K)  
398 overnight at 37°C. Nucleic acids were extracted using standard phenol-chloroform  
399 extraction protocol and re-suspended in DNase/RNase-free water. Nucleic acids were then  
400 fragmented using a restriction enzyme cocktail (20U each of EcoRI, BamHI, HindIII, BsrGI and  
401 XhoI). Half of the sample was digested with 40U RNase H (MB085, NZYTech) to serve as  
402 negative control, for about 36-48h at 37°C. Digested nucleic acids were cleaned with  
403 standard phenol-chloroform extraction and res-suspended in DNase/RNase-free water.  
404 Nucleic acids samples were quantified in a NanoDrop 2000 spectrophotometer (Thermo  
405 Scientific), and equal amounts of DNA were deposited into a positively charged nylon  
406 membrane (RPN203B, GE Healthcare). Membranes were UV-crosslinked using UV  
407 Stratalinker 2400 (Stratagene), blocked in 5% (m/v) milk in PBSt (PBS 1× containing 0.05%



408 (v/v) Tween 20) for 1h at room temperature, and immunoblotted with specific antibodies.  
409 Details of antibodies used are included in **Supplementary Table 4**.

#### 410 **5mC and 5hmC dot blot**

411 J1 mES cells were collected after 48h of doxycycline treatment and lysed in lysis buffer  
412 (100mM NaCl, 10mM Tris pH 8.0, 25mM EDTA pH 8.0, 0.5% SDS, 50 µg/mL Proteinase K) for  
413 2h at 56°C. Samples were sonicated with 4-6 pulses of 15s at 10mA intensity using a  
414 Soniprep150 sonicator (keeping tubes for at least 1min on ice between pulses) to shear  
415 chromatin into 100-300bp fragments. Fragmented nucleic acids were cleaned with standard  
416 phenol-chloroform extraction method and re-suspended in DNase/RNase-free water. DNA  
417 was resolved in agarose gels to confirm fragment size. Samples were denatured by boiling at  
418 100°C for 10min, followed by immediate chilling on ice and quick spin, and deposited into a  
419 nylon membrane (the sample fraction used for dsDNA detection was not subject to boiling),  
420 prior to UV-crosslinking and immunoblotting. Details of antibodies used are included in  
421 **Supplementary Table 4**.

#### 422 **5-ethynyl uridine (EU) staining**

423 J1 mES cells were grown on glass coverslips and incubated for 1h (37°C, 5% CO<sub>2</sub>) with EU  
424 from the Click-iT RNA Alexa Fluor 594 imaging kit (C10330, Invitrogen). Cells were fixed with  
425 3,7% formaldehyde in PBS 1× for 15min at room temperature and permeabilized with 0.5%  
426 Triton X-100 in PBS 1× for 15min at room temperature. The Click-It reaction using a  
427 fluorescent azide (Alexa Fluor 594 azide) was then performed according to manufacturer's  
428 instructions (30min at room temperature, protected from light). Finally, nuclear staining  
429 was performed with Hoechst 33342 1:1000 in PBS 1× for 10min at room temperature, and  
430 coverslips were assembled in Vectashield (Vector Laboratories) mounting medium. Cells  
431 were imaged using a point-scanning confocal microscope Zeiss LSM 880, 63×/1.4 oil  
432 immersion, with stacking acquisition and generation of maximum intensity projection  
433 images. Nucleoplasmic fluorescence intensity measurements were performed using ImageJ.

#### 434 **Proximity Ligation Assay (PLA)**

435 E14 mES cells were grown on coverslips for 48h, and fixed/permeabilized with methanol for  
436 10min on ice, followed by 1min acetone on ice. Cells were then incubated with both primary  
437 antibodies simultaneously for 1h at 37°C, followed by a pre-mixed solution of PLA probe  
438 anti-mouse minus (DUO92004, Sigma Aldrich) and PLA probe anti-rabbit plus (DUO92002,  
439 Sigma Aldrich) for 1h at 37°C. Localized rolling circle amplification was performed using  
440 Detection Reagents Red (DUO92008, Sigma Aldrich), according to the manufacturer's  
441 instructions. Slides were mounted in 1:1000 DAPI in Vectashield. Images were acquired  
442 using the Point Scanning Confocal Microscope Zeiss LSM 880, 63x/1,4 oil immersion, with  
443 stacking acquisition and generation of maximum intensity projection images. The number of  
444 PLA foci was quantified using ImageJ. Details of antibodies used are mentioned in  
445 **Supplementary Table 4.**

#### 446 **g-blocks PCR**

447 Designed g-blocks were ordered from IDT (**Supplementary Table 5**), and PCR-amplified  
448 using Phusion High-Fidelity DNA Polymerase (M0530S, NEB), according to manufacturer's  
449 instructions. M13 primers were used to amplify all fragments (**Supplementary Table 3**), in  
450 the presence of dNTP mixes containing native (MB08701, NZYTech), methylated (D1030,  
451 Zymo Research) or hydroxymethylated (D1040, Zymo Research) cytosines. Efficient  
452 incorporation of modified dCTPs was confirmed through immunoblotting with specific  
453 antibodies. Details of antibodies used are mentioned in **Supplementary Table 4.**

#### 454 ***In vitro* transcription**

455 PCR products were subject to *in vitro* transcription using the HiScribe T7 High Yield RNA  
456 Synthesis Kit (E2040S, NEB), which relies on the T7 RNA polymerase to initiate transcription  
457 from a T7 promoter sequence (present in our fragments). Reactions were performed for 2h  
458 at 37°C, using 1 µg of DNA as template, according to manufacturer's instructions.

#### 459 **S9.6 immunoblotting of *in vitro* transcription products**

460 Half of each *in vitro* transcription product was treated with 10U RNase H (MB085, NZYTech)  
461 at 37°C overnight, to serve as negative control. Then, all samples were treated with 0,05U  
462 RNase A (10109142001, Roche) at 350mM salt concentration, for 15min at 37°C, and ran on

463 agarose gel. Nucleic acids were transferred to a nylon membrane through capillary transfer,  
464 overnight at room temperature. The membrane was then UV-crosslinked twice, blocked in  
465 5% milk in PBSt for 1h at room temperature, and incubated with the primary antibody at  
466 4°C overnight. Signal quantification was performed using Image Lab. Details of antibodies  
467 used are included in **Supplementary Table 4**.

#### 468 **Atomic Force Microscopy**

469 RNase A-treated *in vitro* transcription products, treated or not with RNase H, were purified  
470 through phenol-chloroform extraction method and re-suspended in DNase/RNase-free  
471 water. DNA solution was diluted 1:10 in Sigma ultrapure water (with final 10mM MgCl<sub>2</sub>) and  
472 briefly mixed to ensure even dispersal in solution. A 10µL droplet was deposited at the  
473 centre of a freshly cleaved mica disc, ensuring that the pipette tip did not contact the mica  
474 substrate. The solution was let to adsorb on mica surface for 1-2min to ensure adequate  
475 coverage. The mica surface was carefully rinsed with Sigma ultrapure water, so that excess  
476 of poorly bound DNA to mica is removed from the mica substrate. Afterwards, the mica  
477 substrate was dried under a gentle stream of argon gas for approximately 2min, making  
478 sure that any excess water is removed. DNA imaging was performed using a JPK Nanowizard  
479 IV atomic force microscope, mounted on a Zeiss Axiovert 200 inverted optical microscope.  
480 Measurements were carried out in tapping mode using commercially available ACT  
481 cantilevers (AppNano). After selecting a region of interest, the DNA was scanned in air, with  
482 scan rates between 0.5 and 0.9 Hz. The setpoint selected was close to 0.3 V. Several images  
483 from different areas of the same sample were performed and at least three independent  
484 samples for each condition were imaged. All images were of 512 × 512 pixels and analysed  
485 with JPK data processing software.

#### 486 **Lentiviral transduction**

487 Lentivirus containing dCas9-TET1 (#84475, Addgene) or dCas9-dTET1 (#84479, Addgene)  
488 coding plasmids, as well as one out of three gRNAs (gRNA\_1, 2 and 3) coding plasmids  
489 designed for the *APOE* last exon, were produced. HEK293T cells were transfected with the  
490 above-mentioned plasmids, as well as with the Δ8.9 and VSV-g plasmids (for virus  
491 assembly). Virus production occurred for 48h, after which culture supernatant was collected

492 and filtered through a 0.45µm filter. Lentivirus were collected through ultracentrifugation  
493 (25000 rpm, 3h, 4°C) using a SW-41Ti rotor in a Beckman XL-90 ultracentrifuge. Virus were  
494 re-suspended in PBS 1× and stored at -80°C. For infection, a pool of lentivirus containing  
495 dCas9-TET1 or dCas9-dTET1, as well as gRNA\_1, 2 or 3 coding plasmids, was used to infect  
496 seeded U2OS cells. After 24h, antibiotic selection was performed with 1.5 µg/mL puromycin,  
497 and infection proceeded for more 48h. 3 days post-infection, cells were harvested and  
498 genomic DNA was extracted for subsequent protocols.

#### 499 **DNA:RNA Immunoprecipitation (DRIP)**

500 Infected U2OS cells were collected and lysed in lysis buffer (100mM NaCl, 10mM Tris pH 8.0,  
501 25mM EDTA, 0.5% SDS, 50µg/mL Proteinase K) overnight at 37°C. Nucleic acids were  
502 extracted using standard phenol-chloroform extraction protocol and re-suspended in  
503 DNase/RNase-free water. Nucleic acids were then fragmented using a restriction enzyme  
504 cocktail (20U each of EcoRI, BamHI, HindIII, BsrGI and XhoI), and 10% of the digested sample  
505 was kept aside to use later as input. Half of the remaining volume was digested with 40U  
506 RNase H (MB085, NZYTech) to serve as negative control, for 72h at 37°C. Digested nucleic  
507 acids were cleaned with standard phenol-chloroform extraction and re-suspended in  
508 DNase/RNase-free water. RNA:DNA hybrids were immunoprecipitated from total nucleic  
509 acids using 5µg of S9.6 antibody (MABE1095, Merck Millipore) in binding buffer (10mM  
510 Na<sub>2</sub>HPO<sub>4</sub> pH 7.0, 140mM NaCl, 0.05% Triton X-100), overnight at 4°C. 50µl protein G  
511 magnetic beads (10004D, Invitrogen) were used to pull-down the immune complexes at 4°C  
512 for 2-3h. Isolated complexes were washed 5 times (for 1 min on ice) with binding buffer and  
513 once with Tris-EDTA (TE) buffer (10mM Tris pH 8.1, 1mM EDTA). Elution was performed in  
514 two steps, for 15min at 55°C each, using elution buffer (50mM Tris pH 8.0, 10mM EDTA,  
515 0.5% SDS, 60µg/mL Proteinase K). The relative occupancy of DNA:RNA hybrids was  
516 estimated by RT-qPCR as follows:  $2^{(Ct_{Input}-Ct_{IP})}$ , where Ct Input and Ct IP are mean threshold  
517 cycles of RT-qPCR done in duplicate for input samples and specific immunoprecipitations,  
518 respectively. Primer sequences are presented in **Supplementary Table 3**.

#### 519 **5-(hydroxy)Methylated DNA Immunoprecipitation ((h)MeDIP)**

520 Infected U2OS cells were collected and lysed in lysis buffer overnight at 37°C. Samples were  
521 sonicated with 4 pulses of 15s at 10mA intensity using a Soniprep150 sonicator (keeping  
522 tubes for at least 1min on ice between pulses). Fragmented nucleic acids were cleaned with  
523 standard phenol-chloroform extraction protocol and res-suspended in DNase/RNase-free  
524 water. 10% of sample was kept aside to use later as input. The remaining volume was  
525 denatured by boiling the samples at 100°C for 10min, followed by immediate chilling on ice  
526 and quick spin. Samples were divided in half, and 5µg of anti-5mC antibody (61255, Active  
527 Motif) or 5µg of anti-5hmC antibody (39791, Active Motif) were used to immunoprecipitate  
528 5mC and 5hmC, respectively, in binding buffer, overnight at 4°C. 50µl protein G magnetic  
529 beads (10004D, Invitrogen) were used to pull-down the immune complexes at 4°C for 2-3h.  
530 Isolated complexes were washed 5 times (for 1 min on ice) with binding buffer and once  
531 with TE buffer. Elution was performed in two steps, for 15min at 55°C each, using elution  
532 buffer. The relative occupancy of 5mC and 5hmC was estimated by RT-qPCR. Primer  
533 sequences are presented in **Supplementary Table 3**.

#### 534 **Cell cycle analysis**

535 pEGFP-N1 (GFP coding plasmid used as control) was purchased from Addgene, and pEGFP-  
536 RNaseH1 (GFP-tagged RNase H1 coding plasmid) was kindly provided by Robert J. Crouch  
537 (NIH, USA). Seeded mES cells were transfected with GFP (control) or GFP-tagged RNase H  
538 coding plasmids. 24 or 48h later, cells were trypsinized and pelleted by centrifugation at  
539 500×g for 5min. Cells were fixed in cold 1% PFA for 20min at 4°C, followed by  
540 permeabilization in 70% ethanol for 1h at 4°C. Cells were then treated with 25 µg/mL RNase  
541 A (10109142001, Roche) in PBS 1× at 37 °C for 20min, followed by staining with 20 µg/mL  
542 propidium iodide (P4864, Sigma Aldrich) in PBS 1× for 10 min at 4°C. Flow cytometry was  
543 performed on a BD Accuri C6 (BD Biosciences) and data were analysed using FlowJo  
544 software.

#### 545 **Multi-omics data**

546 High-throughput sequencing (HTS) data for mES cells and HEK293 cells were gathered from  
547 GEO archive: transcriptome of mES cells (GSE67583); R-loops in mES cells (GSE67581); 5hmC  
548 in mES cells (GSE31343); γH2AX in mES cells (GSE69140); active transcription in HEK293

549 (GRO-seq, GSE51633); R-loops in HEK293 (DRIP-seq, GSE68948); 5hmC modification in  
550 HEK293 (hMeDIP-seq, GSE44036);  $\gamma$ H2AX (ChIP-seq, GSE75170). Transcriptome profiles of  
551 mES cells overexpressing RNase H were obtained from GSE67583. The quality of HTS data  
552 was assessed with FastQC ([www.bioinformatics.babraham.ac.uk/projects/fastqc](http://www.bioinformatics.babraham.ac.uk/projects/fastqc)).

### 553 **5hmC, R-loop and $\gamma$ H2AX genome-wide characterization**

554 The HTS datasets produced by immunoprecipitation (DRIP-seq, ChIP-seq and hMeDIP-seq)  
555 were analysed through the same workflow. First, the reads were aligned to the reference  
556 mouse and human genome (mm10 and GRCh38/hg38 assemblies, respectively) with  
557 Bowtie<sup>48</sup>, and filtering for uniquely aligned reads. Enriched regions were identified relative  
558 to the input samples using MACS<sup>49</sup>, with a false-discovery rate of 0,05. Finally, enriched  
559 regions were assigned to annotated genes, including a 4-kilobase region upstream the  
560 transcription start site and downstream the transcription termination site. Gene  
561 annotations were obtained from mouse and human Gencode annotations (M11 and v23  
562 versions, respectively) and merged into a single transcript model per gene using BedTools<sup>50</sup>.  
563 For individual and metaprofiles, uniquely mapped reads were extended in the 3' direction to  
564 reach 150 nt with the Pyicos<sup>51</sup>. Individual profiles were produced using a 20bp window. For  
565 the metaprofiles centered around 5hmC peaks: 5hmC enriched regions were aligned by the  
566 peak summit (maximum of the peak) and the read density for the flanking 10 kbp were  
567 averaged in a 200bp window. For the metagene profiles: the gene body region was scaled to  
568 60 equally sized bins and  $\pm 10$  kbp gene-flanking regions were averaged in 200bp windows.  
569 All profiles were plotted as normalized reads per kilobase per million mapped reads  
570 (RPKMs). A set of in-house scripts for data processing and graphical visualization were  
571 written in bash and in the R environmental language <http://www.R-project.org><sup>52</sup>.  
572 SAMtools<sup>53</sup> and BEDtools were used for alignment manipulation, filtering steps, file format  
573 conversion and comparison of genomic features. Statistical significance of the overlap  
574 between 5hmC regions and R-loops was assessed by permutation analysis. Briefly, random  
575 5hmC and R-loops datasets were generated 1000 times from annotated genes using the  
576 shuffle BEDtools function (maintaining the number and length of the originally datasets).  
577 The p-value was determined as the frequency of overlapping regions between the random  
578 datasets as extreme as the observed.

## 579 **Transcriptome analysis**

580 Expression levels (Transcripts per Million, TPMs) from RNA-seq and GRO-seq datasets were  
581 obtained using Kallisto<sup>54</sup>, where reads were pseudo-aligned to mouse and human Gencode  
582 transcriptomes (M11 and v23, respectively). Transcriptionally active genes for 5hmC and R-  
583 loops annotation were defined as those with expression levels higher than the 25<sup>th</sup>  
584 percentile. Differential expression in mES cells overexpressing RNase H was assessed using  
585 edgeR (v3.20.9) and limma (v3.34.9) R packages<sup>55,56</sup>. Briefly, samples comparison was  
586 performed using voom transformed values, linear modelling and moderated T-test as  
587 implemented in limma R package, selecting significantly differentially expressed genes with  
588 B-statistics higher than zero. Significantly enriched pathways of up and down-regulated  
589 genes (with overlapping R-loops/5hmC regions) were selected using Fisher's Exact Test and  
590 all expressed genes as background gene list. Evaluated pathways were obtained from the  
591 hallmark gene sets of Molecular Signatures Database (MSigDB)<sup>57</sup> and filtered using False  
592 discovery rate corrected p-values < 0,05.

593

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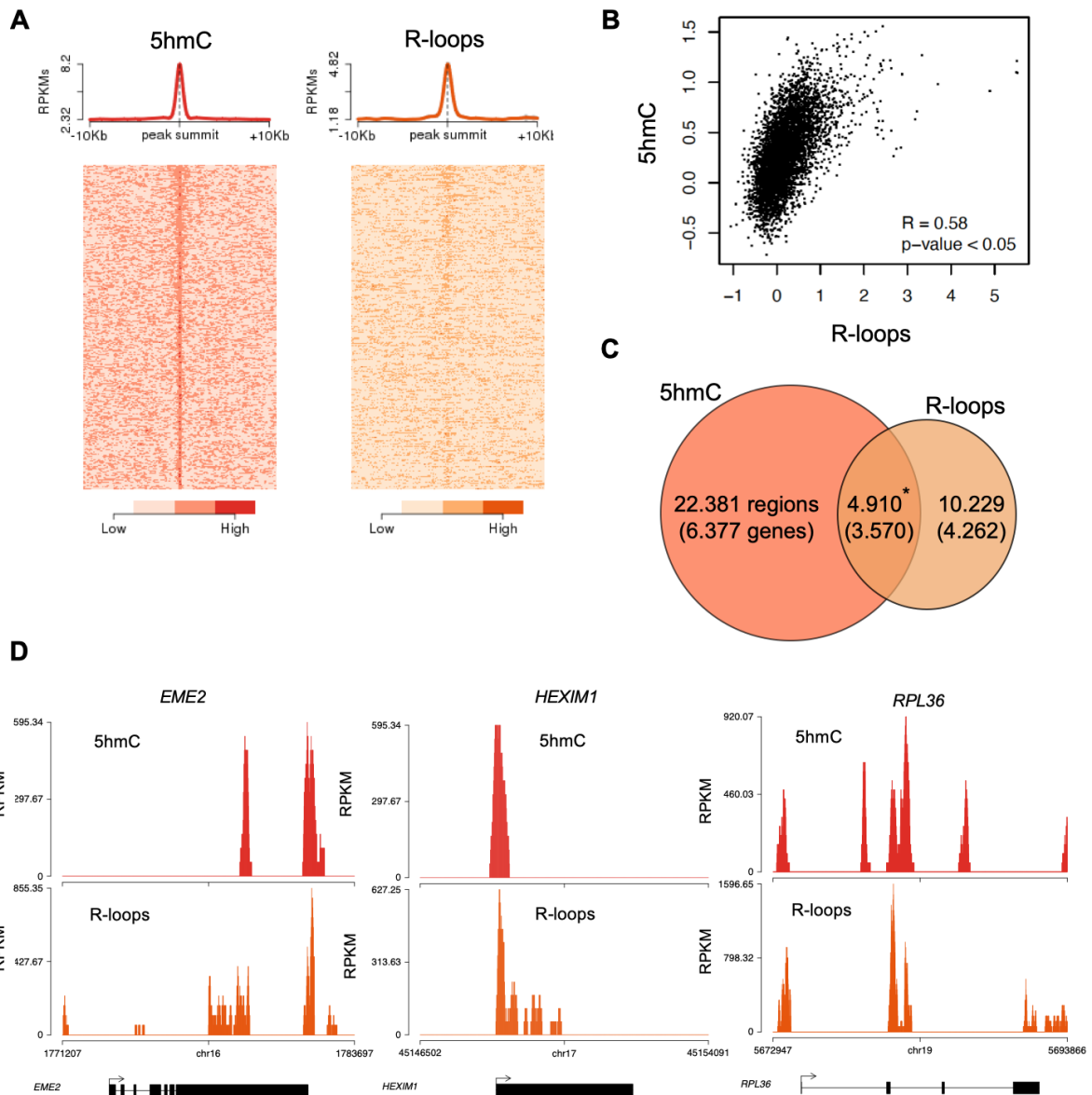
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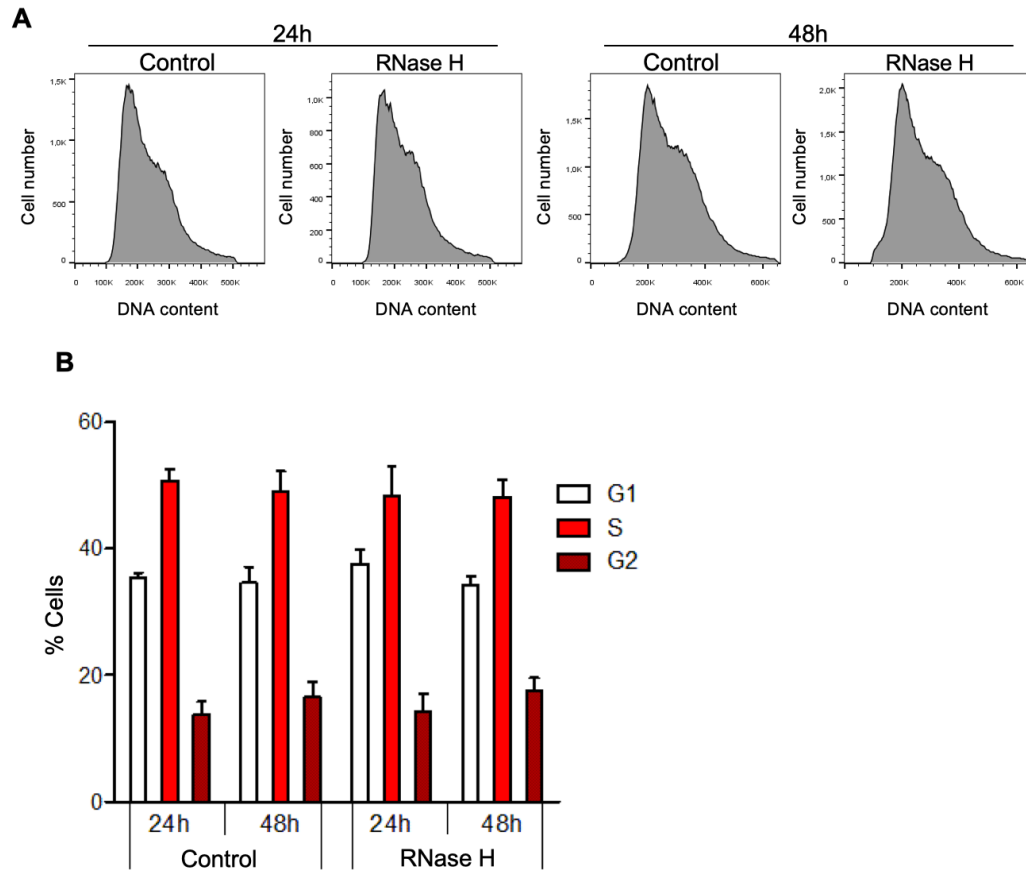
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734 **Supplementary Figure 1: Genome-wide analysis of 5hmC and R-loops in HEK293 cells. (A)**  
 735 Metagene and heatmap profiles of 5hmC and R-loops probed over fixed windows  $\pm 10$  kbp  
 736 around the 5hmC peaks in expressed genes. **(B)** Pearson correlation coefficient between  
 737 5hmC and R-loops distribution within active genes ( $p < 0.05$ ). **(C)** Number of loci displaying  
 738 5hmC, R-loops, and overlapping 5hmC and R-loops. \*Permutation analysis,  $p < 0.05$ . **(D)**  
 739 Individual profiles of 5hmC and R-loop distribution along the *EME2*, *HEXIM1* and *RPL36*  
 740 genes. Density signals are represented as reads per kilobase (RPKM).

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745 **Supplementary Figure 2: Global R-loop suppression does not impact cell cycle progression**  
746 **of mES cells. (A)** Flow cytometry analysis of propidium iodide-treated mES cells with ectopic  
747 expression of either GFP (control) or GFP-tagged RNase H for 24 or 48h. Data are  
748 representative of five independent experiments. **(B)** Percentage of control and RNase H-  
749 overexpressing mES cells at each cell cycle stage. Means and SDs are from five independent  
750 experiments.

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753 **Source data figure legends:**

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755 **Figure 1 – source data 1.** Original, uncropped images of all blots shown in Figure 1.

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757 **Figure 2 – source data 1.** Original, uncropped images of all blots shown in Figure 2.

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763 **Supplementary Table 1: Differentially expressed genes upon RNase H overexpression.**

764 (attached Excel file)

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767 **Supplementary Table 2: shRNA sequences.**

Gene knockdown	shRNA sequence
<i>Tet1</i>	tgctgttgacagtgagcgcgctagctatagagtatagtaatagtggaagccacagatgtattactatactctatagct agcttgctactgcctcgga
<i>Tet3</i>	tgctgttgacagtgagcgcgctagctatagagtatagtaatagtggaagccacagatgtaaatggtaggaatacaca ctgcttgctactgcctcgga

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770 **Supplementary Table 3: Oligonucleotide sequences.**

Primers	Sequence
M13 FOR long	GTTTTCCAGTCACGACGTTGT
M13 REV long	AACAGCTATGACCATGATTACGCCA
<i>Tet1</i> Transcript FW	GAAGGTATCCCTCGCCTGAT
<i>Tet1</i> Transcript RV	CCACGAACAGCCAAAGGAGA
<i>Tet3</i> Transcript FW	ACACCCTCTACCAGGAGCTT
<i>Tet3</i> Transcript RV	GCAGCCGTTGAAGTACATGC
APOE last exon FW	CCGTTCTTCTCTCCCTCTT
APOE last exon RV	TCCAGTTCGATTTGTAGGC
U6 snRNA FW	GCTTCGGCAGCACATATACTA
U6 snRNA RV	AAATATGGAACGCTTCACGA
Gapdh FW	AACTTTGGCATTGTGGAAGG
Gapdh RV	ACACATTGGGGGTAGGAACA

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775 **Supplementary Table 4: Antibodies used in this study.**

Product	Concentrations	Company/ Cat. No.	Notes
S9.6	5ug/ IP; 1:1000 (DB)	Millipore; MABE1095	Anti-DNA:RNA hybrid antibody used to detect R-loops
dsDNA	1:1000 (DB)	Santa Cruz; sc-58749	Anti-dsDNA specific antibody (HYB331-01)
5hmC	5ug/ IP; 1:1000 (DB)	Active Motif; 39791	5-hydroxymethylcytosine antibody
5mC	5ug/ IP; 1:500 (DB)	Active Motif; 61255	5-methylcytosine antibody

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778 **Supplementary Table 5: g-blocks sequences.**

**g-blocks**

*$\beta$ -actin P1*

CTGACAACCGGTGTTTTCCAGTCACGACGTTGTAATACGACTCACTATAGGGTTACCCAGAGTGCAGGTGTGTGGAGA  
TCCCTCCTGCCTTGACATTGAGCAGCCTTAGAGGGTGGGGGAGGCTCAGGGGTCAGGTCTCTGTTCTGCTTATTGGGGA  
GTTCTGGCCTGGCCCTTCTATGTCTCCCAAGTACCCAGTTTTCTGGGTTACCCAGAGTGCAGATGCTTGAGGAGGT  
GGGAAGGGACTATTTGGGGGTGTCTGGCTCAGGTGCCATGCCTCACTGGGGCTGGTTGGCACCTGCATTTCTGGGAGT  
GGGGCTGTCTCAGGGTAGCTGGGCACGGTGTCCCTTGAGTGGGGGTGTAGTGGGTGTTCTAGCTGCCACGCCTTTGCC  
TTCACCTATGGGATCGTGGCTGTCAGCCTTGAGGGTCAGCCTGGCCAGGCTCCTGGCGTAATCATGGTCATAGCTGTT  
GTACTACTGACA

*$\beta$ -actin P2*

CTGACAACCGGTGTTTTCCAGTCACGACGTTGTAATACGACTCACTATAGGGGGGACTATTTGGGGGTGTCTGGCTCA  
GGTGCCATGCCTCACTGGGGCTGGTTGGCACCTGCATTTCTGGGAGTGGGGCTGTCTCAGGGTAGCTGGGCACGGTGT  
TCCCTTGAGTGGGGGTGTAGTGGGTGTTCTAGCTGCCACGCCTTTGCCCTCACCTATGGGATCGTGGCTGTCAGCCTTGA  
GGGTCAGCCTGGCCAGGCTCCCATAGGCTTAGGAGAGGCCGAATTCCTACCTGTTCCATCCAGACAGAGGGGGACCTG  
GAATCAAAGTCAAGTTGGGGTAGGGGTCCATGGGGCCATATCTGGCCTGCAGACAGCTCTGGTTAGCTATGGGCTGAG  
GTCTGGATTCTGCCTGTGACTGGAGACTGGGCGCCATCCCGTGGCCTCTGAGGGCTGGCGTAATCATGGTCATAGCTGT  
TTGTACTACTGACA

*APOE*

CTGACAACCGGTGGTTTTCCAGTCACGACGTTGTAATACGACTCACTATAGGGCCGGTGAGAAGCGCAGTCGGGGGCA  
CGGGGATGAGCTCAGGGGCTCTAGAAAGAGCTGGGACCCTGGGAACCCCTGGCCTCCAGGTAGTCTCAGGAGAGCTAC  
TCGGGGTGGGCTTGGGGAGAGGAGGAGCGGGGTGAGGCAAGCAGCAGGGGACTGGACCTGGGAAGGGCTGGGCA  
GCAGAGACGACCCGACCCGCTAGAAGGTGGGGTGGGGAGAGCAGCTGGACTGGGATGTAAGCCATAGCAGGACTCCAC  
GAGTTGCTACTATCATTTATCGAGCACCTACTGGGTGTCCCAAGTGTCTCAGATCTCCATAACTGGGGAGCCAGGGGCA  
GCGACACGGTAGCTAGCCGTGATTGGAGAACCTTAAAATGAGGACTGAATTAGCTCATAAATGGCGTAATCATGGTCAT  
AGCTGTTTGTACTACTGACA

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