1 **Photoreceptors generate neuronal diversity in their target field through a Hedgehog**
2 **morphogen gradient in *Drosophila***
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Abstract:
Defining the origin of neuronal diversity is a major challenge in developmental neurobiology.
The *Drosophila* visual system is an excellent paradigm to study how cellular diversity is
generated during development. Photoreceptors from the eye disc grow their axons into the optic
lobe and secrete Hedgehog (Hh) to induce the lamina, such that for every unit eye there is a
corresponding lamina unit made up of post-mitotic precursors stacked into columns. Each
differentiated column contains five lamina neuron types (L1-L5), making it the simplest neuropil
in the optic lobe, yet how this diversity is generated was unknown. Here, we found that Hh
pathway activity is graded along the distal-proximal axis of lamina columns and further
determined that this gradient in pathway activity arises from a gradient of Hh ligand. We
manipulated Hh pathway activity both cell-autonomously in lamina precursors and by
inactivating the Hh ligand, and showed that different thresholds of activity specify unique cell
identities, with more proximal cell types specified in response to progressively lower Hh levels.
Thus, our data establish that Hh acts as a morphogen to pattern the lamina. Although, this is the
first such report during *Drosophila* nervous system development, our work uncovers a
remarkable similarity with the vertebrate neural tube, which is patterned by Sonic Hedgehog.
Altogether, we show that differentiating neurons can regulate the neuronal diversity of their
distant target fields through morphogen gradients.

Introduction:

Our nervous systems are composed of more unique cell types than any other organ. This diversity is believed to underlie our ability to process sensory input and perform complex specialized tasks. Invertebrates and vertebrates deploy common developmental strategies to diversify neural cell types (Holguera and Desplan, 2018). To explore these, we used the complex but tractable visual system of *Drosophila melanogaster,* which is organized into repeated modular circuits that map the visual field.

The *Drosophila* visual system is composed of the compound eyes and optic lobes, which together contain ~200 neuronal cell types (Fischbach and Dittrich, 1989; Özel et al., 2020). Each optic lobe is made up of four distinct neuropils, the lamina, medulla, lobula and lobula plate. With ~100 cell types, the medulla is the most diverse and complex (Fischbach and Dittrich, 1989; Özel et al., 2020). Despite this, work in recent years has uncovered that the interplay between spatial patterning, temporal patterning and Notch-mediated binary fate decisions accounts for medulla diversity (Bertet et al., 2014; Erclik et al., 2017; Gold and Brand, 2014; Konstantinides et al., 2021; Li et al., 2013). In contrast, much less is known about how diversity is generated in the arguably simpler lamina, which contains only 5 neuronal cell types (L1-L5).

The lamina is the first neuropil to receive input from the photoreceptors and its development is linked to and dependent on photoreceptor development (Huang et al., 1998; Huang and Kunes, 1998, 1996; Sugie et al., 2010; Umetsu et al., 2006; Yogev et al., 2010). Photoreceptors are born progressively in the wake of a wave of differentiation that sweeps across the eye disc (Fig. 1A) (Roignant and Treisman, 2009). Two photoreceptor-derived signals, Hedgehog (Hh) and the Epidermal Growth Factor (EGF) Spitz, drive lamina development (Huang et al., 1998; Huang and Kunes, 1998, 1996; Sugie et al., 2010; Umetsu et al., 2006; Yogev et al., 2010). First, Hh signalling induces neuroepithelial cells to adopt lamina precursor cell (LPC) identity and express the lamina marker Dachshund (Dac), promotes their terminal divisions and regulates their adhesion and assembly into columns (*i.e.* ensembles of stacked LPC cell bodies associated with photoreceptor axon bundles; Fig. 1A, B) (Huang and Kunes, 1998, 1996; Sugie et al., 2010; Umetsu et al., 2006). Second, photoreceptor-derived EGF is required for LPCs to initiate neuronal differentiation (indicated by expression of the pan-neuronal marker Embryonic lethal abnormal vision [Elav]; Fig. 1A, B) (Huang et al., 1998; Yogev et al., 2010); however, this communication is indirect and involves a signalling relay through multiple glial populations, which ultimately induce lamina neuron differentiation through Mitogen Activated Protein Kinase (MAPK) signalling (Fig. 1A) (Fernandes et al., 2017; Prasad et al., 2021). Lamina neuron identities are invariant and stereotyped according to their position along the distal-proximal axis of columns; LPCs in the distal-most positions of columns will differentiate into L2s, followed by L3s, then L1s, then L4s, and finally L5s are positioned at the proximal end of columns (Fig. 1A, C) (Pecot et al., 2014). In addition, a combination of markers allow us to distinguish lamina neuron types: Sloppy paired 2 (Slp-2) alone labels L2s and L3s, Brain specific homeobox (Bsh) alone labels L4s, Seven up (Svp) together with Slp-2 labels L1s, and Slp-2 together with Bsh label L5s (Fig. 1A,C) (Pecot et al., 2014). The LPCs positioned between L4s

and L5s do not differentiate but instead are fated to die by apoptosis (Fig. 1A). Given that
MAPK signalling drives differentiation in the lamina indiscriminately for all neuronal types
(Fernandes et al., 2017; Prasad et al., 2021), how these neurons acquire their individual identities
has remained elusive.
Here we showed that Hh signalling activity is graded from high to low along the distal-
proximal axis of lamina columns. We examined the distribution of Hh ligand in the lamina and
detected a protein gradient decreasing from a high point at the distal end of columns, consistent
with the observed gradient of pathway activity. We then used genetic manipulations to modulate
Hh signalling activity cell autonomously in LPCs or to disrupt Hh ligand directly and showed
that different activity thresholds specify LPCs with distinct identities such that progressively
decreasing Hh activity results in more and more proximal neuron identities being specified.
These data establish that Hh is a morphogen in the lamina. Since photoreceptors are the sole
source of Hh to the optic lobes at these developmental stages (Huang and Kunes, 1996), our data
imply that in addition to inducing LPCs, promoting their assembly into columns and triggering
their differentiation through glial signalling relays (Fernandes et al., 2017; Huang et al., 1998;
Huang and Kunes, 1998, 1996; Prasad et al., 2021; Umetsu et al., 2006), photoreceptors also
determine the neuronal diversity of the lamina. This is the first example of a morphogen
patterning neuronal fates in *Drosophila*; it highlights a remarkable similarity with the ventral
neural tube of vertebrates where a gradient of the morphogen Sonic Hedgehog, a Hh homologue,
diversifies cell types (Placzek and Briscoe, 2018).
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Results and Discussion:
Hh pathway activity is graded along the distal-proximal axis of LPC columns
For clues into how lamina neuron types are diversified, we integrated published single-
cell RNA sequencing datasets at developmental timepoints that span lamina development
(Konstantinides et al., 2021; Kurmangaliyev et al., 2020; Özel et al., 2020) (Fig. S1A; See
Materials and Methods). As published previously, on uniform manifold approximation and
projection (UMAP) visualizations L1, L2, L3 and L4 neuronal clusters were closer to each other
than they were to the L5 cluster (Özel et al., 2020). The LPC cluster was connected to
differentiated neurons by two streams of cells - one leading to the L1-L4 clusters and the other
leading to the L5 cluster (Fig. 1D). Such convergent streams in UMAP visualizations are thought
to represent intermediate states between progenitors and differentiated cells, suggesting that L1-
L4 and L5 neurons have distinct developmental trajectories arising from a common pool of LPCs
(Konstantinides et al., 2021; Özel et al., 2020). To test this, we used mitotic recombination to
label the lineages of neuroepithelial cells with low induction frequency. These clones labelled
compact patches of lamina cells, indicating that there is relatively little cell mixing (Fig. S1B-C;
13/13 clones). Importantly, the lineages of individual neuroepithelial cells contained all the
lamina neuron types, including L5s, thus indicating that all lamina neurons have the same
developmental origin (Fig. S2B,C; 13/13 clones; See Supplementary text).

We asked which transcripts distinguished L5 precursors from L1-L4 precursors, and,
surprisingly, we found that several well-established Hh signalling targets were expressed at
higher levels in the L1-L4 stream compared with the L5 stream, suggesting that L5 precursors
experience lower Hh signalling than other lamina precursors. These included the direct
transcriptional target *patched (ptc),* as well as *single-minded (sim), rhomboid (rho)* and *Zinc*
finger homeodomain 1 (zfh1) (Fig. 1E-H) (Albert et al., 2018; Biehs et al., 2010; Chen and
Struhl, 1996; Umetsu et al., 2006). Indeed, a transcriptional reporter for *ptc (ptc-lacZ)* was
expressed at lower levels in L5 neurons compared with L1-L4 neurons (Fig. 1I,J; N=10).
Consistent with the transcriptomic data, *ptc-lacZ* expression eventually decreased in older
neurons (Figs. 1E,I,J; N=10). Importantly, in young columns prior to neuronal differentiation, we
observed a gradient of *ptc-lacZ* expression, which was highest in the distal lamina and decreased
along the distal-proximal axis (quantified in Fig. 1J with summary statistics from a mixed effects
linear model in Table S1). Sim expression showed a similar distribution (Fig. S1D; N=14). These
data indicate that Hh pathway activity is graded in the lamina, with the highest levels in the distal
lamina and the lowest levels in the proximal lamina.
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Hh::GFP is distributed in a protein gradient in the lamina
We sought to determine if graded Hh pathway activity in the lamina arises from a
concentration gradient of Hh ligand. We analysed the distribution of a Hh::GFP fusion protein
expressed under the control of endogenous enhancers of the *hh* locus and inserted into the
genome using a Bacterial Artificial Chromosome in single copy (Chen et al., 2017). This
transgene was previously reported to rescue a *hh* amorph, indicating that it is a functional *hh*
allele (Chen et al., 2017). Interestingly, although Hh::GFP was present in photoreceptor cell
bodies in the eye disc and in photoreceptor axons in the optic stalk, we detected much fainter
expression in the axons once they reached the lamina (Fig. 2A; N=18). We measured GFP mean
fluorescence intensity (MFI) as a function of distal-proximal distance for the two youngest
lamina columns (See Materials and Methods) and, strikingly, observed a gradient of MFI
polarised from high to low with increasing distance from the distal to proximal ends of columns
(Fig. 2B-C; N=10). These measurements do not distinguish between intracellular and
extracellular Hh::GFP, but instead represent total Hh::GFP. Nonetheless, these data indicate that
Hh ligand is present in a distal-to-proximal gradient in the lamina, consistent with the gradient in
Hh pathway activity along lamina columns and suggest that ligand availability is responsible for
the activity gradient.
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High and low extremes of Hh pathway activity cell-autonomously specify distal and proximal
lamina neuron identities, respectively.
Hh signalling is known to trigger the early steps of lamina development, including promoting
early lamina marker expression such as *dac* and *sim*, as well as promoting terminal LPC
divisions and column assembly (Huang and Kunes, 1998, 1996; Sugie et al., 2010; Umetsu et al.,
2006). However, no role for Hh in lamina neuron specification or differentiation has been

identified thus far. In the vertebrate neural tube, a gradient of Sonic Hedgehog (Shh) signalling specifies ventral progenitor identities (Placzek and Briscoe, 2018), therefore, we wondered whether the graded Hh pathway activity we observed could specify neuronal identity in LPCs; in particular, we hypothesised that low Hh signalling levels in LPCs specify proximal neuron identity (*i.e.* L5s) and high Hh signalling levels specify distal neuron identity (*i.e.* L2s). To test this, we sought to disrupt Hh signalling cell autonomously in the lamina and assess the effects on lamina neuron specification. When we blocked Hh pathway activity completely in clones mutant for *smoothened (smo),* we did not recover any Dac-expressing LPCs (Fig. S2A; N=15)*,* consistent with previous reports (Huang and Kunes, 1998, 1996). Therefore, to reduce Hh pathway activity partially we used a lamina-specific driver (*R27G05-Gal4*), which drives expression in Dac-expressing LPCs exiting the posterior lamina furrow (Fig. S2B), to express a repressor form of the transcriptional effector of Hh signalling, Cubitus interruptus (Ci; referred to as Ci[rep]) (Busson and Pret, 2007). We restricted Gal4 activity temporally using a temperature sensitive Gal80 (see Materials and Methods). Expressing Ci[rep] in LPCs led to a 2.9-fold increase in the proportion of Bsh and Slp-2 double-positive L5s relative to controls, while the proportion of other lamina neuron subtypes was reduced relative to controls (Figs. 3A,B,D-H and S2C-F; Kruskal-Wallis H test; P<0.0001; N=10). Moreover, whereas in control laminas L5s were only observed as a single row in the proximal lamina, expressing Ci[rep] caused Bsh and Slp-2 double-positive L5s to be distributed along the entire distal-proximal lengths of columns (Fig. 3B, N=10). Similarly, knocking down Ci in the lamina by RNA interference (Ci[RNAi]) (Fig. 3C; N=9) resulted in ectopic L5s (2.2-fold increase relative to controls, Kruskal-Wallis H test; P<0.0001) and a reduction in the number of L2/L3s and L4 lamina neurons (Figs. 3D-H and S2C-F, Kruskal-Wallis H test; $P^{L2/L3}$<0.0001, P^{L1}<0.05 and P^{L4}<0.0001). Thus, decreasing Hh signalling autonomously within LPCs was sufficient to induce the proximal cell identity (L5s), throughout the distal-proximal lengths of columns and at the expense of other neuronal types.

We next asked whether increasing Hh signalling autonomously would specify LPCs to differentiate with distal lamina neuron identity (*i.e.* L2). We generated LPCs with a gain-of-function in Hh pathway activity by inducing positively-labelled clones (Lee and Luo, 2001) that were homozygous mutant for the negative Hh pathway regulator *ptc* (Chen and Struhl, 1996; Kalderon, 2005). *ptc* mutant clones never contained L5s (Slp-2 and Bsh co-expressing cells), L4s (Bsh-only expressing cells) or L1s (Svp and Slp-2 co-expressing cells), but instead only contained neurons singly positive for Slp-2, indicative of L2/L3 identity (Fig. 3I-J; 17/17 clones from 15 optic lobes). Thus, increasing Hh signalling in the lamina results in L2/L3 specification at the expense of L1, L4 and L5 specification. In summary, disrupting Hh signalling activity cell autonomously to either low or high extremes specified LPCs with either the most proximal or distal lamina neuron identities, respectively.

Titrating functional Hh availability favours distinct neuronal types at different thresholds
The data presented thus far are consistent with Hh acting as a morphogen to specify cell identities in the lamina, *i.e.* in a concentration-dependent manner, however, our cell-autonomous

manipulations only determined the impact of experiencing either the high or low extremes of
pathway activity on lamina neuron identity specification. To demonstrate that different
thresholds of Hh ligand determine lamina neuron identities, we sought to manipulate Hh directly
and to differing degrees of severity. We predicted that, if Hh was acting as a morphogen,
progressively reducing Hh levels should result in progressively more proximal fates. To do so,
we used animals harbouring a temperature sensitive loss of function allele of *hh (hh^{ts2})*, which we
raised at the permissive temperature (18°C) and then shifted to the restrictive temperature (29°C)
for either 6 hours, 12 hours, 24 hours, 45 hours or 72 hours before dissecting at the white
prepupal stage (Figs. 4A-G, S3A-J). Consistent with the known role of Hh signalling in
photoreceptor and early lamina development (Huang and Kunes, 1996), we recovered fewer and
fewer photoreceptors and lamina neurons with increasing lengths of temperature shifts (Fig.
S3A-J), with no LPCs or L-neurons recovered for the 45- and 72-hour temperature shifts (Fig.
4F,G) (Huang and Kunes, 1996). These results indicated that our perturbations effectively
titrated the availability of functional Hh with longer periods at the restrictive temperature. Next,
we used lamina neuron type-specific markers to evaluate neuronal cell types under these
conditions. We found that the proportion of L2/L3s (Slp-2 single positive neurons) decreased as
the availability of functional Hh was titrated to lower and lower levels, whereas the proportion of
L5s (Slp-2 and Bsh double-positive neurons) increased (Figs. 4A-E; quantified in Fig. 4I-L;
Kruskal-Wallis H test; P<0.0001). Importantly, the proportion of L1s (Slp-2 and Svp double
positive neurons) increased for the 6-hour temperature shift before decreasing with longer
temperature shifts. Thus, L1 neurons, which normally occupy intermediate lamina column
positions were favoured at the expense of distal neuron types at intermediate thresholds of Hh
pathway activity (Fig. 4C, J; Kruskal-Wallis H test; P<0.0001). Notably, under these conditions
L1 and L5s were no longer confined to their normal positions within lamina columns but were
observed throughout (Fig. 4A-D). Altogether our data establish that Hh acts as a morphogen to
diversify lamina neuron types.
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Here we uncovered a previously unknown role for Hh as a morphogen that specifies
lamina neuron identities, thus revealing yet another layer of dependence of lamina development
on photoreceptors-derived signals. It will be important to test whether differential Hh signalling
levels alone specify all five neuronal identities or whether additional inputs are needed together
with Hh signalling. This is the first report of a morphogen patterning neuronal fates in
Drosophila. It highlights the remarkable evolutionary conservation of this developmental
strategy, which is widespread in vertebrates (Placzek and Briscoe, 2018; Sagner and Briscoe,
2019).
Nonetheless, it is not obvious how the Hh gradient is established in the lamina, such that
it is polarised from high to low along the distal-proximal lengths of lamina columns, as
photoreceptor axons themselves span this full distance. Axonal trafficking of Hh was shown to
be regulated by an evolutionarily conserved motif in its cleaved C-terminal domain (Chu et al.,
2006; Daniele et al., 2017), disruption of which affected neuronal diversity in the lamina

specifically (Chu et al., 2006). This indicates that axonal trafficking may play a role in establishing the Hh gradient, however, more work is required to uncover the exact molecular mechanisms involved. It is unexpected that neurons, here photoreceptors, define the neuronal diversity of their target field, and raises the possibility that neurons in other contexts could also be patterning their target fields during development through morphogen gradients. Indeed, many vertebrate neuronal types express Shh (Dakubo et al., 2003; Farmer et al., 2016; Garcia et al., 2010; Gonzalez-Reyes et al., 2012; Harwell et al., 2012; Petralia et al., 2011; Wallace, 1999), however, their ability to generate instructive gradients to pattern distant neural fields has not been determined thus far.

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Authors declare that they have no competing interests.

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Investigation: MPB

1   Supervision: VMF
2   Writing – original draft: VMF
3   Writing – review & editing: MPB, VMF
4
Supplementary Materials
Supplementary text
Materials and Methods
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Supplementary References
Figs. S1 to S3

1   **Fig 1.**

Fig. 1: Hh pathway activity is graded along lamina columns. (A) Schematic of the developing
lamina. Photoreceptor axons release Hh into the optic lobe which guides lamina development by
driving neuroepithelial cells to develop into lamina precursor cells (LPCs), their terminal
divisions and column assembly. Once assembled into columns of six LPCs each, LPCs
differentiate into five distinct neuron types (L1-L5) in response to MAPK activity that is induced
by signals from glia(Fernandes et al., 2017; Prasad et al., 2021). Lamina neuron types are
positioned stereotypically along the distal to proximal axis of columns: L2, L3, L1, L4, L5; the
LPCs between L4s and L5s undergo apoptosis. **(B)** A wildtype optic lobe and eye disc, with the
developing lamina labelled by Dac (magenta), differentiating neurons by Elav (yellow) and
photoreceptor axons by Horse Radish Peroxidase (HRP, cyan). **(C)** A wildtype lamina labelled
with lamina neuron-type-specific markers, Slp-2 (cyan), Bsh (yellow), and Svp (magenta); all
neurons are marked by Elav (white). Slp-2 alone labels L2s and L3s, Bsh alone labels L4s, Svp
together with Slp-2 label L1s, and Slp-2 together with Bsh label L5s. **(D)** UMAP visualisation of
LPCs, differentiated L1-L5 neurons and intermediate stages of differentiation using 150 principal
components calculated on the log-normalized integrated gene expression from single-cell RNA
sequencing datasets of the third larval instar, 0 hours-, 12 hours-, 15 hours- and 24 hours-APF.
See Figure S1A for full integrated dataset. **(E-H)** UMAP visualisation from (D; grey) showing
log normalised expression of the Hh signalling targets (blue): **(E)** *ptc*, **(F)**, *sim*, **(G)** *rho* and **(H)**
zfh1, which all show higher levels of expression in the convergent stream connecting the LPC
cluster with mature L1-L4 neuron clusters rather than the stream connecting the LPC cluster with
the L5 neuron cluster. **(I)** An optic lobe expressing *ptc-LacZ* stained for β-Galactosidase (β-Gal;
cyan), Dac (magenta), Elav (yellow) and HRP (white). **(I'')** shows (I'') in pseudo-colour. Dashed
line marks the most proximal surface of the lamina. "x" marks the point from which the excess
LPCs have been cleared. In young columns, β-Gal expression decreases along the distal to
proximal axis, being lowest in the proximal lamina. L5s have the lowest levels of β-Gal, which
eventually decreases in older L1-L4s. **(J)** Smoothed (second order with 6 neighbours; See
Materials and methods) mean fluorescence intensities (MFIs; arbitrary units; a.u.) of *ptc-LacZ*
(β-Gal) by distal to proximal cell position as indicated. L5s and the excess LPCs began with and
maintained the lowest levels of β-Gal expression over time. Summary statistics for the raw data
in Table S1. Scale bar = 20μm.

 Fig. 2

Fig. 2: Hh::GFP is distributed in a protein gradient in the lamina. (A) A maximum intensity
projection of an *hh-sfGFP* optic lobe and eye disc complex, where *hh-sfGFP* encodes Hh tagged
with superfolder GFP. Hh::GFP (cyan) was present in photoreceptor cell bodies in the eye disc
(Elav, yellow), with higher levels in younger photoreceptors as reported previously(Huang and
Kunes, 1996) and photoreceptor axons in the optic stalk (HRP; magenta). Hh::GFP expression
decreases rapidly once photoreceptors enter the lamina (brackets). **(B)** A maximum intensity
projection of a *hh-sfGFP* lamina oriented to view the lamina in cross-section. Hh::GFP puncta
were visible more prominently in the distal lamina, with fewer and smaller puncta appearing in
proximal regions. **(C)** Mean fluorescence intensity (MFI) plots normalised to the maximum MFI
value for each plot (arbitrary units; a.u.) of Hh::GFP as a function of distance from distal to
proximal cell position as indicated from the two youngest lamina columns (dashed outline in B).
The red line shows regression averaging of each of the MFI profiles (see Materials and
Methods). Scale bar = 20µm.

Fig. 3: High and low extremes of Hh pathway activity specify distal and proximal lamina neuron identities, respectively. (A-C) Lamina-specific misexpression of **(A)** CD8::GFP (control), **(B)** Ci^{rep} and **(C)** Ci^{RNAi}, labelled with lamina neuron-type-specific markers Slp-2 (cyan), Bsh (yellow), and Svp (magenta). **(A)** The pattern of Slp-2, Bsh, and Svp expression was the same as the wildtype (Fig. 1C). Upon lamina-specific misexpression of (B) Ci^{rep} or (C) Ci^{RNAi}, ectopic Slp-2 and Bsh co-expressing cells (L5s) were recovered in the distal lamina (arrowheads). **(D)** Quantifications of the proportion of each lamina neuron type per focal slice aggregated for (A-C). **(E-F)** The same as (D), normalised to the control and split by lamina neuron type: (E) L2/L3s, (F) L1s, (G) L4s, (H) L5s (see Methods and Materials). Error bars represent Standard Deviation. Ns indicated in parentheses in (D). **(I)** An optic lobe with a small, RFP-positive *ptc^{S2}* MARCM clone labelled with **(I)** Elav (white) and RFP (magenta), **(I')** Slp-2 (cyan) and Bsh (yellow). Clones in the lamina are outlined by dashed lines. A clone that spanned the proximal lamina was still Elav and Slp-2 positive but lacked Bsh, indicating that cells were specified as L2/L3s and not L5s. **(J)** An optic lobe with a large, RFP-positive *ptc^{S2}* MARCM clone stained for **(J)** RFP (white), **(J')** Slp-2 (cyan), Bsh (yellow), and Svp (magenta). Clones in the lamina are outlined by dashed white lines. Cells contained within the lamina that are not part of the clone are outlined by dashed red lines. A clone that spanned the whole lamina was Slp-2 and Elav-positive, but not Svp or Bsh-positive indicating that the cells had differentiated into L2s or L3s but not L1s, L4s or L5s. Note that the Svp-positive cells are not contained within the clone. Scale bar = 20μm.

Fig. 4

Fig. 4: Titrating functional Hh availability favours distinct neuronal types at different
thresholds. Laminas labelled with neuron-type-specific markers Slp-2 (cyan), Svp (magenta)
and Bsh (yellow) in **(A)** $hh^{ts2}/+$ shifted from the permissive temperature (18°C) to the restrictive
temperature (29°C) for 24 hours, **(B)** hh^{ts2} raised at the permissive temperature, **(C-G)** hh^{ts2}
shifted from the permissive temperature to the restrictive temperature for **(C)** 6 hours, **(D)** 12
hours, **(E)** 24 hours. The pattern of neuronal differentiation worsened progressively with longer
temperature shifts, with fewer neurons differentiating overall. Slp-2 and Bsh positive cells (L5s)
were observed in the distal lamina (white arrowheads) for 6 hr, 12 hr and 24 hr temperature
shifts, till most cells present differentiated into L5 neurons for the 24 hour temperature shift.
Whereas Slp-2 and Svp co-expressing cells (L1) increased only for the 6 hr temperature shift and
were distributed throughout the distal-proximal axis (red arrowheads). **(F,G)** hh^{ts2} shifted from
the permissive temperature to the restrictive temperature for **(F)** 45 hours and **(G)** 72 hours
stained for Elav (yellow) and HRP (white). A few photoreceptor bundles are present but no LPCs
formed under the **(F)** 45 hour temperature shift condition, whereas neither photoreceptors nor
LPCs were present for the **(G)** 72 hour temperature shift condition. **(H)** Quantification of the
total number of lamina neurons (Elav-positive cells) per focal slice in $hh^{ts2}/+$ and hh^{ts2} shifted
from the permissive temperature to the restrictive temperature as indicated. Error bars represent
Standard Deviation. Ns indicated in parentheses. **(I-L)** Quantifications of the proportions of each
lamina neuron subtype per slice and normalised to the control for each hh^{ts2} temperature shift
condition. Scale bar = 20µm.
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Supplementary Materials for

Photoreceptors generate neuronal diversity in their target field through a Hedgehog
morphogen gradient in *Drosophila*

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Supplementary text
L1-L4 and L5 neurons do not have distinct developmental origins
Our analyses of the developmental single cell RNA sequencing (scRNAseq) data
revealed that the cluster corresponding to lamina precursor cells (LPCs) was connected to the
clusters corresponding to the lamina neurons by two separate streams of cells, one to L1-L4
clusters and one to the L5 cluster (Fig. 1D). Previously, Suzuki et al. (2016) proposed a model in
which L5 neurons have a distinct developmental origin to the L1-L4 neurons, such that L5
neurons or the LPCs which differentiate into them, would arise from the dorsal and ventral tips
of the lamina and migrate in, while the LPCs that differentiate into L1-L4 neurons would be born
from the lamina furrow that spans the main lamina (Suzuki et al., 2016). To test this possibility,
we induced single control MARCM clones per optic lobe in the neuroepithelium during the
second larval instar and observed their neuronal make-up in the lamina at 0-5 hours after
puparium formation (APF). If L5 neurons originate from the tips of the lamina, then we would
expect clones induced in the central lamina to include L1-L4 but not L5 neurons. In contrast,
clones remained largely intact, and we recovered L1-L5 neuron types as part of these clones
(Fig. S1B, C; 13/13 clones). Thus, these data were inconsistent with the model in which L5s
have a distinct developmental origin to the L1-L4 neurons.

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Materials and Methods
Drosophila stocks and maintenance:
Drosophila melanogaster strains and crosses were reared on standard cornmeal medium and
raised at 25°C or 29°C or shifted from 18°C to 29°C for genotypes as indicated in Table S2.
We used the following mutant and transgenic flies in combination or recombined in this study
(See Table S2 for more details; {} enclose individual genotypes, separated by commas):

Canton S, {*ptc-lacZ/TM6B*} (a gift from G. Struhl), {*ywhsflp^{122}, tub-gal4, UAS-GFP; FRT40A,*

Gal80/Cyo} (a gift from F. Schweisguth), {*ey-Gal80; sp/Cyo;*} (BDSC: 35822), {*;Gal80ts;*

TM2/TM6B} (BDSC: 7108), {*w^{1118};; R27G05-Gal4*} (BDSC: 48073), {*;;UAS-CD8::GFP*} (gifts

from C. Desplan), {*y^1 sc* v^1 sev^{21}; Ci-RNAi*} (BDSC: 64928), {*UAS-Ci^{76}*} (a gift from J.

Treisman), {*y^1; FRT42D, ptc^{S2}/CyO*} (BDSC: 6332), {*ywhsflp^{122}, tub-gal4, UAS-RFP; FRT42D,*

Gal80/Cyo} (a gift from G. Struhl), {*FRT40A, smo^3/ CyO*} (a gift from C. Boekel), {*w*; UAS-*

cos.N; MKRS/TM6B} (BDSC: 55039), {*yw^{1118}; hh::sfGFP*} (BDSC: 86271), {*w^{1118}; hh^{ts2}*

e^s/TM6B} (BDSC: 1684).

Mosaic analysis:

We generated *smo^3* and *ptc^{S2}* MARCM (Figs. S2A and 3I,J, respectively) clones by heat-

shocking larvae 2 days after egg laying (AEL) at 37°C for 90 minutes. To generate one wild-type

MARCM clone per lamina (Fig. S1B,C), we heat-shocked larvae (1 day AEL) for 60 minutes at

37°C. All MARCM crosses were raised at 25°C until dissection at 0-5 hours after puparium

formation (APF).

Immunocytochemistry, antibodies and microscopy:

We dissected eye-optic lobe complexes from early pupae (0-5hrs APF) in 1X phosphate-buffered

saline (PBS), fixed in 4% formaldehyde for 20 minutes, blocked in 5% normal donkey serum

and incubated in primary antibodies diluted in block for 2 nights at 4°C. Samples were then

washed in 1X PBS with 0.5% TritonX (PBSTx), incubated in secondary antibodies diluted in

block, washed in PBSTx and mounted in SlowFade (Life Technologies).

We used the following primary antibodies in this study: mouse anti-Dac[2-3] (1:20, Developmental

Studies Hybridoma Bank; DSHB), rat anti-Elav (1:100, DSHB), mouse anti-Elav (1:20, DSHB),

mouse anti-Svp (1:50, DSHB), rabbit anti-Slp-2 (1:100; a gift from C. Desplan), rabbit-Bsh

(1:500; a gift from C. Desplan), mouse anti β-galactosidase (1:500; Promega #Z3781), chicken

anti-GFP (1:400; EMD Millipore), mouse anti-Sim (1:20; a gift from T. Tabata), chicken anti-

RFP (1:500; Rockland #600-901-379s), rabbit-anti-GFP (1:500; Thermofisher #A6455),

AlexaFluor405 conjugated Goat Anti-HRP (1:100; Jackson Immunolabs), AlexaFluor405-, Cy3-,

or AlexaFluor647- conjugated Goat Anti-HRP (1:200; Jackson Immunolabs). Secondary

antibodies were obtained from Jackson Immunolabs or Invitrogen and used at 1:800. Images

were acquired using Zeiss 800 and 880 confocal microscopes with 40X objectives.

scRNAseq analyses:

To maximize temporal resolution during development as well as the number of cells

analysed, we combined three publicly available scRNAseq datasets of optic lobes from the

following developmental timepoints: wandering third instar larva, 0 hours after puparium

formation (APF), 12 hours APF, 15 hours APF and 24 hours APF. We combined these datasets

using the Seurat v.3 integration pipeline to remove batch effects between libraries(Stuart et al.,

2019) as follows: Using the default parameters in Seurat 4.0.1 we first normalised each dataset with the NormaliseData function. Next, we extracted the 2000 most variable features with the FindVariableFeatures function. We then integrated the data using the FindIntegrationAnchors and IntegrateData functions. Next, we clustered the integrated dataset using the following functions: ScaleData, RunPCA (using 150 principal components as in(Konstantinides et al., 2021)), FindNeighbours (80 dimensions), FindClusters (resolution = 5), RunUMAP.

We annotated clusters corresponding to lamina cell types based on a combination of previous annotations from the source datasets (Özel et al., 2020) and known markers: *dac, eya, tll, gcm* for lamina precursor cells; *svp* and *slp2* for L1s; *slp2* for L2s; *erm* and *slp2 for L3s*; *bsh and apterous for L4s*; *bsh* and *slp2 for L5s* (Chotard et al., 2005; Guillermin et al., 2015; Hasegawa et al., 2013; Huang and Kunes, 1996; Piñeiro et al., 2014; Tan et al., 2015).

To analyse differentially expressed genes between the L1-L4 and the L5 convergent stream, we first used the CellSelector function to manually select the two streams as two individual clusters. Next, we used the FindMarkers (two-sided Wilcox rank-sum test) function with default parameters to identify positively or negatively expressed genes based on log fold change. To visualise UMAPs and gene expression, we used the DimPlot and FeaturePlot functions.

Quantification and Statistical analyses:

We used Fiji-ImageJ(Schindelin et al., 2012) or Imaris (version x64-9.5.1) to process and quantify confocal images as described below. We used Adobe Photoshop and Adobe Illustrator software to prepare figures. We used GraphPad Prism8, JMP and R (version 4.0.3) software to perform statistical tests. In all graphs, whiskers indicate the standard deviation. N values are indicated on graphs.

Mean Fluorescence Intensity (MFI) quantifications and statistical analyses:

Ptc-lacZ: Using Fiji-ImageJ, we selected the 10 most centrally located focal slices of the lamina (*ptc-lacZ;* Fig. 1I; step size = 1μm) using photoreceptor axons (HRP), and the lobula plug (Dac expression) as landmarks. We then obtained average intensity projections of these and generated MFI profile plots by measuring β-Gal MFI from the youngest lamina column to the oldest column for each of the 6 rows (distal-proximal cell positions) of the lamina. We used a mixed effects linear model in JMP to test for an interaction between *ptc-lacZ (β-Gal)* Mean Fluorescence Intensity, distal-to-proximal cell position and along the anterior-posterior axis starting from the first column (Summary Statistics are provided in Table S1). We used GraphPad Prism8 to apply a moving average of 6 neighbours to smooth the data, which are plotted in Fig. 1J.

Hh-sfGFP/+: As above, we obtained 10 centrally located focal slices and measured the MFI profiles along the distal-proximal positions of the two youngest lamina columns (Fig. 2B,C). Using Dac expression to mark lamina precursors, the distal most lamina precursor was

1 taken as the starting position, with the most proximal lamina precursor as the final. We
2 normalised each MFI profile to the maximum MFI value for each profile. We then performed
3 regression averaging using *ggplot* in R to generate a smoothed average plot of Hh-sfGFP
4 fluorescence based on the individual profiles.
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Cell-type quantifications:
For *Lamina^ts^>CD8::GFP, Ci^rep^, Ci^RNAi^*, and *hh^ts2^* experiments, lamina subtypes were
identified using the markers Slp-2, Svp and Bsh. We were unable to distinguish between L2 and
L3 neurons since both express Slp-2 only. We quantified the number of L2/L3s, L1s, L4s and
L5s in 10 centrally located optical slices in 10 optic lobes. Since total lamina neuron numbers
were also affected by Hh pathway manipulations, we calculated the proportion of each lamina
neuron type relative to the total number of neurons and plotted these normalised to the control in
Figs. 3 and 4. Fig. S2 shows the raw numbers of each lamina neuron type in each focal slice for
each condition.
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16 **Table S1. Mixed effects linear model summary statistics for *ptc-lacZ (β-Gal)* MFI as a**
17 **function of Distance and Cell position (distal-proximal).**

Source	F Ratio	Prob > F
Distance (μm)	7744.904	<.0001
Cell position	2320.251	<.0001
(Distance)*(Cell position)	191.2012	<.0001

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19 **Table S2. List of genotypes and conditions used for all experiments**
20 (Note that only female genotypes are listed though both sexes were included in our analyses)

Fig.	Panel	Genotype	Conditions
1	B	*Canton S*	Raised at 25°C
1	C	*Canton S*	Raised at 25°C
1	I	*;;ptc-lacZ*	Raised at 25°C
2	A, B	*;hh-sfGFP/+;*	Raised at 25°C
3	A	*ey-Gal80; Gal80ts; R27G05-Gal4/UAS-CD8::GFP*	Raised at 18°C till late-L1, then shifted to 29°C for 72 hours
3	B	*ey-Gal80; Gal80ts; R27G05-Gal4/UAS-Ci^rep^*	Raised at 18°C for 12 days and 21 hours, then shifted to 29°C for 12 hours
3	C	*ey-Gal80; Gal80ts; R27G05-Gal4/UAS-Ci^RNAi^*	Raised at 18°C for 12 days, then shifted to 29°C for 24 hours
3	I, J	*y,w,hsflp^122^/+, Tub-Gal4, UAS-nls.GFP; FRT42D, Tub-Gal80 /FRT42D, ptc^S2^;*	Raised at 25°C before and after heat shocking. See

			Mosaic analysis for more detail.
4	A	$y,w;;hh^{ts2}/+$ (24hrs ts)	Raised at 18°C for 13 days, then shifted to 29°C for 24 hours
4	B	$y,w;;hh^{ts2}$	Raised at 18°C for 14 days
4	C	$y,w;;hh^{ts2}$ (6h ts)	Raised at 18°C for 13 days, then shifted to 29°C for 6 hours
4	D	$y,w;;hh^{ts2}$ (12h ts)	Raised at 18°C for 12 days and 21 hours, then shifted to 29°C for 12 hours
4	E	$y,w;;hh^{ts2}$ (24h ts)	Raised at 18°C for 12 days, then shifted to 29°C for 24 hours
4	F	$y,w;;hh^{ts2}$ (45h ts)	Raised at 18°C for 11 days, then shifted to 29°C for 45 hours
4	G	$y,w;;hh^{ts2}$ (72h ts)	Raised at 18°C for 10 days, then shifted to 29°C for 72 hours
S1	B, C	$w,hsflp^{122}/+$, Tub-Gal4, UAS-nls.GFP; FRT40D, Tub-Gal80 /FRT40D;	Raised at 25°C before and after heat shocking. See Mosaic analysis in Materials and Methods for more detail.
S1	D	Canton S	Raised at 25°C
S2	A	$y,w,hsflp^{122}/+$, Tub-Gal4, UAS-nls.GFP; FRT42D, Tub-Gal80 /FRT40A, smo^3;	Raised at 25°C before and after heat shocking. See Mosaic analysis for more detail.
S2	B	ey-Gal80; Gal80ts; R27G05-Gal4/UAS-CD8::GFP	Raised at 18°C till late-L1, then shifted to 29°C for 72 hours
S2	C	ey-Gal80/+; tub-Gal80^{ts}/UAS-Cos2; R27G05/+	Raised at 18°C till late-L2, then shifted to 29°C for 48 hours
S3	A-E, F- J	Same as 4A-G	Same as 4A-G

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1   **Fig. S1**

Fig. S1: L1-L4 and L5 neurons do not have distinct developmental origins

(A) UMAP visualisation of integrated third larval instar, 0 hours-, 12 hours-, 15 hours- and 24 hours-APF single cell RNA sequencing datasets(Konstantinides et al., 2021; Kurmangaliyev et al., 2020; Özel et al., 2020) using 150 principal components calculated on the log-normalized integrated gene expression. Rectangle marks LPCs and lamina neurons of varying maturity, which were identified based on known markers and existing annotations from the 15 hour APF dataset as described in Materials and Methods. **(B)** A lateral view of an optic lobe with a single wildtype MARCM GFP positive clone stained for GFP (cyan), Dac (magenta) and Elav (yellow). **(C)** A cross-sectional view through the clone shown in (B) shows LPCs and all L-neuron types included in the clone (dashed line in C'), indicating that all LPCs, which differentiate into L1-L5 are generated in the same way from the lamina furrow. **(D)** Wildtype optic lobes stained for Dac (magenta), HRP (white), Elav (yellow) and Sim (cyan). Sim expression was lowest in the proximal lamina. Scale bar = 20μm.

Fig. S2: Lamina-specific misexpression of Ci^{rep} and Ci^{RNAi} perturb specification. (A) An

optic lobe with a GFP-positive (cyan) smo^3 MARCM clone (dashed outline) labelled with Dac

(magenta), Elav (yellow), and HRP (white). Cells within smo^3 clones did not express Dac and

did not incorporate into the lamina. **(B)** R27G05-Gal4, a lamina-specific Gal4 drove expression

of CD8::GFP (cyan) and Dac (magenta). GFP expression was driven in LPCs exiting the lamina

furrow. **(C-F)** Quantifications of the number of each lamina neuron type per focal slice, L2/L3,

L1, L4, or L5, for each condition. Mean and Standard Deviation are indicated. Scale bar = 20μm.

1   **Fig. S3**

Fig. S3: Fewer photoreceptors and lamina neurons develop when functional Hh availability is titrated. (A-E) Photoreceptor axons in the lamina were labelled with HRP in the following genotypes and conditions: **(A)** hh^{ts2}/+ shifted from the permissive temperature (18°C) to the restrictive temperature (29°C) for 24 hours, **(B)** hh^{ts2} raised at the permissive temperature, **(C-E)** hh^{ts2} shifted from the permissive temperature to the restrictive temperature for **(C)** 6 hours, **(D)** 12 hours, **(E)** 24 hours. **(F-J)**. All neurons were labelled with Elav for the same genotypes as (A-E). The pattern of neuronal differentiation worsened progressively with longer temperature shifts, with fewer neurons differentiating overall. Scale bar = 20μm.