

1 **Phase separation of Myc differentially regulates gene transcription**

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21 **Abstract**

22 Dysregulation and enhanced expression of *MYC* transcription factors including *MYC* and *MYCN*
23 contribute to majority of human cancers. For example, *MYCN* is amplified up to several hundred-
24 fold in high-risk neuroblastoma. One potential consequence of elevated expression is liquid-
25 liquid phase separation (LLPS), occurring when the concentration of certain macromolecules and
26 biopolymers is above a threshold. Here, we show that in *MYCN*-amplified human neuroblastoma
27 cells, N-myc protein forms condensate-like structures. Using *MYCN*-nonamplified
28 neuroblastoma cells that have no or little endogenous N-myc protein expression, we found that
29 exogenously expressed N-myc undergoes LLPS in a concentration-dependent manner, and
30 determined its threshold concentration for LLPS in the cellular context. Biophysically, N-myc
31 condensates in live cells exhibit liquid-like behavior. The intrinsically disordered transactivation
32 domain (TAD) of N-myc is indispensable for LLPS. Functionally, the N-myc condensates
33 contain its obligatory DNA-binding and dimerization partner, genomic DNA, transcriptional
34 machinery, and nascent RNA. These condensates are dynamically regulated during cell mitosis,
35 correlated with chromosomal condensation and de-condensation. We further show that the TAD
36 and the DNA-binding domain are both required for transcriptional activity of N-myc
37 condensates. Most importantly, using a chemogenetic tool that decouples the role of phase
38 separation from changes in protein abundance level in the nucleus, we discovered that N-myc
39 phase separation regulates gene transcription and promotes SH-EP cell proliferation.
40 Interestingly, LLPS of N-myc only modulates a small proportion of N-myc-regulated genes.
41 Taken together, our results demonstrate that N-myc undergoes LLPS, and that its phase
42 separation differentially modulates the transcriptome, partially contributes to gene transcription,
43 and promotes cell proliferation. Our work opens a new direction in understanding Myc-related
44 cancer biology that has been studied for several decades.

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50 *MYC* family transcription factors are major contributors to human tumorigenesis. Expression of
51 Myc is deregulated and enhanced in many types of cancers, due to copy number changes,
52 chromosomal translocations, and upstream oncogenic signaling¹⁻³. For instance, *MYCN* is highly
53 amplified up to 100-to-300 fold in nearly half of high-risk neuroblastoma⁴⁻⁷. While upregulated
54 Myc expression induces tumor development in many tissues, depletion of Myc abolishes
55 tumorigenesis and results in tumor regression in various tumor models⁸⁻¹². One potential
56 consequence of elevated protein expression is phase separation, which is dependent on protein
57 concentration¹³⁻¹⁷. Recently, many transcription factors that contain intrinsically disordered
58 regions (IDR) have been reported to undergo LLPS, forming biomolecular condensates (also
59 known as membraneless compartments, granules, or liquid droplets) when protein concentration
60 surpass a threshold concentration¹⁸⁻²¹. Biomolecular condensates compartmentalize interacting
61 proteins and signaling complexes^{14-16,21-24}. Condensates of many transcriptional factors have
62 been proposed and demonstrated to compartmentalize transcriptional machinery and to remodel
63 gene transcription^{18-21,25}.

64
65 Myc oncoproteins are transcription factors with N-terminal TAD domains containing an IDR.
66 Purified recombinant c-Myc-mEGFP has been shown to form condensates at high concentration
67 (12 μ M), and partitions into MED1-IDR condensates¹⁹. On the other hand, it remains unknown
68 whether Myc undergoes phase separation in living cells, whether the condensates have liquid
69 properties and if they are transcriptionally active in living cells. Because neuroblastoma cells
70 often contain highly amplified *MYCN*, we conducted immunostaining of N-myc in the *MYCN*-
71 amplified Kelly neuroblastoma cells, observing punctate structures in the nuclei of these cancer
72 cells. Next, we conducted live cell imaging using mEGFP tagged N-myc in the *MYCN*-
73 nonamplified SH-EP neuroblastoma cells that have no or little endogenous N-myc protein
74 expression. The imaging data showed that N-myc undergoes LLPS in a concentration-dependent
75 manner. The N-myc condensates possess liquid-like behavior, compartmentalize transcriptional
76 machinery and contain nascent RNAs.

77
78 In addition to the important question of whether Myc condensates are transcriptionally active,
79 another critical question to answer is whether phase separation plays a role in transcription,
80 which has been challenging to investigate for the field of biomolecular condensate. This is
81 because, on the one hand, protein phase separation is a concentration-dependent phenomena. A
82 bio-condensate forms when protein abundance level exceeds a threshold. On the other hand, the
83 protein abundance of transcription factors in the nucleus affects transcriptional activity. For
84 example, protein level increase of YAP in the nucleus via cytoplasm-nuclear shuttling activates
85 its transcription. It is thus critical to decouple role of phase separation from changes in protein
86 abundance in the nucleus. Ideally, the role of phase separation should be determined by
87 comparing activities of transcription factors in the homogeneously distributed state (i.e. dilute
88 phase) versus condensed phase, with protein level of transcription factors in the nucleus
89 maintained constant. Measurement of transcriptional activity when transcriptional factors
90 undergo such spatial reorganization will define role of phase separation on transcription.

91
92 Here we applied a chemogenetic tool to drive N-myc phase separation from the dilute phase to
93 condensed phase without changing the N-myc protein level in the nucleus, which decouples the
94 role of phase separation from changes in protein abundance. This enables us to determine role of
95 N-myc phase separation on transcription. Our work reveals that while N-myc phase separation

96 indeed regulates transcription, only 6% of target genes are regulated by phase separation. These
97 results suggest that phase separation differentially modulates the transcriptome, opening a new
98 direction in understanding Myc-related cancer biology.

99

100 RESULTS

101 N-myc undergoes liquid-liquid phase separation in cells

102 We first imaged N-myc in *MYCN*-amplified human Kelly neuroblastoma cells.

103 Immunofluorescence imaging indicated that N-myc protein formed puncta in the nucleus (Fig.
104 1a), which were not observed upon treatment with the MYC/MAX dimerization inhibitor²⁶
105 (Supporting Fig. S1). Importantly, in *MYCN*-nonamplified SH-EP and CLB-GA neuroblastoma
106 cells, we did not observe obvious punctate structures based on immunofluorescence (Supporting
107 Fig. S2), suggesting that formation of N-myc puncta is dependent on its expression levels
108 because CLB-GA and SH-EP has no or little expression of endogenous N-myc (Supporting Fig.
109 S3). To further characterize N-myc, we conducted live-cell imaging of the SH-EP cells. We
110 fused mEGFP to N-myc (N-myc-mEGFP), which was exogenously expressed in SH-EP cells.
111 Fluorescence imaging of single cells showed that N-myc-mEGFP formed puncta in a
112 concentration-dependent manner. In particular, N-myc-mEGFP was evenly distributed and did
113 not form punctate structures until its expression level was above a threshold concentration (i.e.
114 saturation concentration) (Fig. 1b).

115

116 To quantitatively analyze the data, we determined the percentage of N-myc in punctate structures
117 over total in single cells by defining SPARK signal, which is the ratio of summarized
118 fluorescence intensity of N-myc in the puncta (i.e. amount of N-myc in the punctate structure)
119 divided by summarized fluorescence intensity of total N-myc in each cell. Our data showed that
120 N-myc formed punctate structures with threshold or saturation concentration $\sim 300 - 400$ nM
121 (here the protein concentration was estimated based on purified mEGFP, see Methods and
122 Supporting Fig. S4). Briefly, below the saturation concentration, e.g. at ~ 250 nM, N-myc was
123 evenly distributed in the nucleus (Fig. 1b, upper-right). Above the saturation concentration, e.g.
124 at ~ 500 nM, N-myc formed puncta in the nucleus (Fig. 1b, lower-right). Thus, our data shows
125 that N-myc-mEGFP undergoes concentration-dependent spatial reorganization. We estimated
126 that the N-myc concentration is around $0.7 - 1 \mu\text{M}$ in the Kelly cells (Supporting Fig. S5). We
127 also characterized relationship of number and size of the N-myc puncta to the protein levels. The
128 number of N-myc puncta increases as N-myc protein level increases (Supporting Fig. S6A). The
129 size of N-myc puncta is in the range of $0.4 - 1 \mu\text{m}$ (diameter), and this distribution is
130 independent of the protein levels (Supporting Fig. S6B). This suggests that N-myc tends to form
131 new puncta when the protein level increases.

132

133 Next, we determined whether the N-myc puncta exhibit liquid-like properties. We conducted
134 time-lapse imaging and characterized fusion events between the punctate structures. These
135 puncta can fuse and coalesce within a few seconds. The fusing puncta initially formed a
136 dumbbell shape, which over time relaxed to a spherical shape (Fig. 1c). Quantitative analysis
137 showed that aspect ratio of the fusing puncta over time fits well to a single exponential curve
138 (Fig. 1c, lower left), which is a well-known characteristic of coalescing liquid droplets^{27,28}.
139 Furthermore, we used this data to determine inverse capillary velocity ($= \eta/\gamma$; here γ is surface
140 tension of the droplet; η is viscosity), which was 1.2 ± 0.2 (s/ μm) (Fig. 1c, lower right). Thus,
141 quantitative analysis of the fusion events indicated that the punctate structures of N-myc contain

142 liquid properties and thus they are liquid droplets. This suggests that N-myc-mEGFP undergoes
143 LLPS, forming liquid-like condensates when its concentration exceeds above the threshold.

144

145 The Myc TAD domain, which spans the N-terminal conserved motifs, including three “Myc
146 boxes” (MB0-II) from 1 to 137 residues (for N-myc, which totals 464 residues), is intrinsically
147 disordered^{29,30}. To examine role of the TAD in N-myc LLPS, we designed and characterized a
148 TAD truncation mutant (N-myc¹³⁸⁻⁴⁶⁴). Live cell imaging revealed that this mEGFP-tagged
149 fusion protein (N-myc¹³⁸⁻⁴⁶⁴-mEGFP) no longer formed condensates even above 2 μ M
150 concentration (Fig. 1d), \sim 5-fold above the threshold concentration of LLPS for full length N-
151 myc. Therefore, our data demonstrate that N-myc LLPS depends on the IDR-containing TAD,
152 consistent with LLPS of many other proteins that also rely on their IDR.

153

154 **N-myc condensates contain DNA-binding partner MAX and genomic DNA**

155 To examine whether the N-myc condensates are transcriptionally active, we first determined that
156 N-myc condensates contain the obligatory DNA-binding partner MAX. To visualize MAX in
157 living cells, we labeled it with a red fluorescent protein mKO3. Multicolor fluorescence imaging
158 showed that MAX also formed condensates in cells that contained N-myc condensates, and that
159 the green N-myc condensates colocalized with the red MAX condensates (Fig. 2A). In cells
160 without N-myc-mEGFP, MAX did not form condensates (Supporting Fig. S7). These data
161 suggest that N-myc condensates recruit its DNA-binding partner MAX.

162

163 Next, we determined that the N-myc condensates contained genomic DNA of the N-myc target
164 gene *p53*^{31,32}. We labeled the *p53* DNA using fluorescence in situ hybridization (FISH).
165 Confocal fluorescence imaging revealed that N-myc condensates were associated with the
166 genomic DNA of *p53* (Fig. 2B). These data suggest that the N-myc condensates bind genomic
167 DNA, consistent with the above results that these condensates contain the DNA-binding partner
168 MAX. Thus, the N-myc condensates have a potential to activate gene transcription.

169

170 **N-myc condensates contain transcriptional machinery and nascent RNA**

171 Next, we determined that N-myc condensates contain transcriptional machinery, including the
172 Mediator and RNA polymerase II (Pol II). First, immunofluorescence imaging showed that the
173 Mediator of RNA polymerase II transcription subunit 1 (MED1) formed condensates, consistent
174 with previous studies. Furthermore, N-myc condensates colocalized with MED1 condensates
175 (Fig. 2C), indicating that N-myc condensates contain MED1. Second, we stained the cells with
176 antibodies against phosphorylated Pol II at Ser5 (Pol II S5p) at the C-terminal domain.
177 Immunofluorescence imaging showed punctate structures of Pol II S5p, which colocalized with
178 N-myc condensates based on two-color imaging (Fig. 2D). Therefore, our data indicate that N-
179 myc condensates contain Pol II. We also imaged Kelly cells and showed that N-myc puncta
180 colocalized with MED1 and Pol II (Supporting Fig. S8).

181

182 We next determined that the N-myc condensates contained nascent RNA. We incubated cells
183 with uridine analog 5-ethynyluridine (EU) for 1 hour so that EU was incorporated into newly
184 transcribed RNA. The EU-labeled nascent RNA was detected through a copper (I)-catalyzed
185 cycloaddition reaction (i.e. “click” chemistry) using azides labeled with red fluorescent dyes³³.
186 Fluorescence imaging revealed several punctate structures (Fig. 2E). The round structures of

187 nascent RNAs colocalized with the N-myc condensates, suggesting that these N-myc
188 condensates contain nascent RNAs.

189
190 Lastly, we quantified the colocalization of N-myc condensates with MAX, MED1, Pol II S5p
191 and nascent RNAs (Fig. 2F, Methods). We calculate that ~92% of N-myc condensates contained
192 MAX. The percentage of N-myc condensates that contain MED1, Pol II S5p and nascent RNAs
193 is ~ 72%, 62%, 80%, respectively.

194
195 **N-myc condensates are dynamically regulated during cell mitosis.**

196 Because many biomolecular condensates disassemble during mitosis³⁴, we examined whether N-
197 myc condensates were also regulated dynamically during cell cycle. Live-cell fluorescence
198 imaging showed that N-myc condensates dissolved when cells entered mitosis (Fig. 3A, left
199 panel). Upon mitotic entry, chromatin condenses even though nuclear chromatin is already
200 compacted in the interphase. It has been well established that many transcription factors
201 disengage from chromatin when cells enter mitosis. We thus decided to investigate the
202 relationship between N-myc condensate dissolution and chromatin condensation upon entry into
203 mitosis. To visualize chromatin, we labeled histone 2B (H2B) with a near-infrared fluorescent
204 protein mIFP. This allowed us to quantify volume of chromatin using fluorescent protein labeled
205 H2B³⁵. Time-lapse imaging revealed that dissolution of N-myc condensates preceded chromatin
206 condensation by ~ 6 minutes (Fig. 3A, right panel). The dissolution of N-myc condensates also
207 occurred before nuclear breakdown (Fig. 3A, T ~ 16 min.).

208
209 Next, we examined whether N-myc reformed condensates when cells exit mitosis. Time-lapse
210 imaging revealed that indeed upon mitotic exit, N-myc condensates reappeared. We also
211 observed that chromatin decondensed during mitotic exit, consistent with previous studies³⁵.
212 Interestingly, during mitotic exit, N-myc condensate formed after chromatin decondensation with
213 a delay of ~ 6-minutes (Fig. 3B). This contrasts mitotic entry, where dissolution of N-myc
214 condensates occurred before chromatin condensation. These results are biologically consistent
215 however, as when the chromatin condenses during mitosis, N-myc condensates dissolve; but
216 when chromatin decondenses during interphase, N-myc condensates reassemble.

217
218 Our study thus reveals that N-myc condensates are dynamically regulated during mitosis, and that
219 the condensate disassembly and reassembly is correlated with chromatin condensation and de-
220 condensation, respectively. Because many transcription factors disengage from chromatin when
221 cells enter mitosis and re-associate with chromatin when cells exit mitosis, we investigated a
222 potential role of the N-myc DNA binding domain bHLH-LZ (366-464 aa) on N-myc phase
223 separation. We truncated bHLH-LZ and measured phase separation of this truncation mutant N-
224 myc¹⁻³⁶⁵. Indeed, the saturation concentration of this mutant is ~ 620 – 720 nM (Fig. 3C, blue
225 box), which is ~ 2-fold more than the saturation concentration of N-myc (~ 300 – 400 nM, Fig.
226 1B; red box in Fig. 3C). Our data thus suggest that the DNA binding domain plays a critical role
227 and contributes to N-myc phase separation, which likely explains the dynamic regulation of N-
228 myc condensates during mitosis.

229
230 **Transcriptional activity of N-myc condensates requires both TAD and bHLH-LZ domains**

231 Because our data indicate that both the TAD and bHLH-LZ domains are important for N-myc
232 LLPS, we examined whether both domains were required for transcriptional activity of N-myc

233 condensates. Here we applied a chemogenetic tool named SparkDrop to drive phase separation
234 of both N-myc mutants (Fig. 4A). SparkDrop drives protein phase separation by a small
235 molecule-induced multivalent interaction. Briefly, SparkDrop is based on a newly engineered
236 protein pair CEL (109 amino acids [aa]) and ZIF (31aa), which, upon addition of lenalidomide
237 (lena), form a heterodimer (CEL···lena···ZIF). To induce LLPS, we fused the N-myc mutants to
238 mEGFP and CEL (N-myc-mEGFP-CEL). To incorporate multivalency, we utilized a de novo
239 designed coiled coil that is a homo-tetramer (HOTag6). We fused ZIF, a nuclear localization
240 signal (NLS), and a non-green fluorescent EGFP mutant (EGFP-Y66F) to HOTag6 (ZIF-NLS-
241 EGFP(Y66F)-HOTag6).

242
243 First, we demonstrated that SparkDrop induced phase separation of TAD-deleted N-myc¹³⁸⁻⁴⁶⁴
244 upon addition of lenalidomide (Fig. 4A). The condensates recruited the DNA-binding partner
245 MAX as expected (Fig. 4B). In contrast, most of the N-myc condensates did not contain MED1
246 (Fig. 4C) or Pol II S5p (Supporting Fig. S9A). Most (98%) of the N-myc condensates contained
247 MAX, whereas Med1 and Pol II S5 P showed ~5% and 0.4% colocalization, respectively (Fig.
248 4D). These data thus suggest that the TAD domain is critical for transcriptional activity of N-
249 myc condensates.

250
251 Next, we showed that SparkDrop was also able to drive phase separation of bHLH-LZ-deleted
252 N-myc¹⁻³⁶⁵ (Fig. 4E). The majority of these condensates contained no MED1 or Pol II S5p, ~13%
253 and ~4% colocalization, respectively (Fig. 4F, Supporting Fig. S9B), indicating that they are
254 largely inactive in gene transcription. As expected, these condensates contained no MAX (Fig.
255 4F). Therefore, our data suggest that the DNA-binding domain is also critical for transcriptional
256 activity of N-myc condensates. Together, our results indicate that the transcriptional activity of
257 N-myc condensates requires both the TAD and the DNA-binding domains, and that without the
258 TAD or the DNA-binding domain of N-myc, condensate formation itself does not recruit the
259 transcriptional machinery.

260
261 **The chemogenetic tool SparkDrop decouples N-myc LLPS from protein abundance**
262 While we have demonstrated that N-myc undergoes LLPS and forms liquid condensates, and that
263 these condensates are transcriptionally active, another key question is whether phase separation,
264 i.e. condensate formation itself, promotes or regulates gene transcription. Protein condensate
265 formation can be divided into two steps: 1) protein level increase above saturation concentration;
266 2) phase separation, which is essentially a spatial reorganization from a homogenous distribution
267 (dilute phase) to a condensed state or phase. The abundance of a transcription factor (e.g. YAP)
268 is known to regulate transcription. Therefore, to understand role of phase separation, it is
269 essential to decouple phase separation from protein abundance.

270
271 Here, we turned to the chemogenetic tool SparkDrop that enables us to drive LLPS without
272 changing protein levels, thus decoupling phase separation from protein abundance. We tagged N-
273 myc by SparkDrop (N-myc/SparkDrop) and demonstrated that SparkDrop induced phase
274 separation of N-myc without change of protein levels, and that the induced N-myc/SparkDrop
275 condensates are liquid droplets. In particular, we first showed that lenalidomide-activatable
276 SparkDrop induced N-myc condensate formation within 6 – 10 minutes (Fig. 5A). The total
277 fluorescence of N-myc showed little change during phase separation, suggesting that N-myc
278 protein level was constant in the nucleus. Two negative controls showed that DMSO did not

279 induce N-myc phase separation, and that lenalidomide alone could not drive N-myc phase
280 separation using the N-myc/SparkDrop control (no HOTag6). Furthermore, without N-myc,
281 SparkDrop did not form droplets upon addition of lenalidomide (Fig. S11). We also
282 demonstrated that in the absence of lenalidomide, N-myc/SparkDrop undergoes LLPS with
283 saturation concentration $\sim 330 - 400$ nM (Supporting Fig. S10), similar to that of N-myc-
284 mEGFP, indicating that the SparkDrop tag itself had little effect on N-myc's phase separation
285 properties. Lastly, we showed that the N-myc/SparkDrop condensates were able to fuse and
286 coalesce together, indicating that they are liquid droplets (Supporting Fig. S12).

287
288 Next, we determined that N-myc/SparkDrop condensates are transcriptionally active. First, the
289 N-myc/SparkDrop condensates contained the DNA-binding and dimerization partner MAX, with
290 colocalization $\sim 95\%$ (Fig. 5B). Second, the N-myc/SparkDrop condensates contained
291 transcriptional machinery including MED1 and Pol II S5p (Fig. 5C, D). Lastly, the N-
292 myc/SparkDrop condensates contained nascent RNA (Fig. 5F). Colocalization of MAX, MED1,
293 Pol II S5, and nascent RNA to N-myc condensates was 95%, 85%, 72%, and 80%, respectively
294 (Fig. 5F). These data thus suggest that SparkDrop decouples phase separation from protein
295 levels, and that the SparkDrop-induced N-myc condensates are transcriptionally active in cells,
296 paving the way for investigating functional roles of phase separation.

297 298 **LLPS of N-myc regulates cell proliferation and gene transcription**

299 We first determined that phase separation of N-myc promotes cell proliferation. Here we
300 engineered SH-EP cells that stably express N-myc/SparkDrop. We measured cell proliferation
301 rate and found that it increased by $15 \pm 4\%$ when N-myc formed condensates using
302 lenalidomide-activatable SparkDrop in comparison to the DMSO-treated cells that contained N-
303 myc in the dilute phase (Fig. 5G, H). Furthermore, we also conducted control experiments with
304 the N-myc/SparkDrop control (no HOTag6), which showed that lenalidomide alone had little
305 effect on cell proliferation.

306
307 Next, we examined whether phase separation of N-myc regulated gene transcription. Here, we
308 treated the stable cells with or without lenalidomide, which showed condensed or dilute phase of
309 N-myc, respectively (Fig. 5H). Western blot analysis confirmed that the protein levels of N-myc
310 showed little difference between the dilute and the condensed phase (Fig. 5I). Furthermore,
311 mRNA level of *MYCN* also showed little change upon N-myc phase separation, based on the
312 RNA-sequencing (RNA-seq) analysis (see next section). We chose two N-myc-regulated genes
313 serine incorporator 2 (*SERINC2*) and annexin A8 (*ANXA8*) to examine if their transcription is
314 regulated upon N-myc phase separation. RT-qPCR analysis revealed that the mRNA levels of
315 *SERINC2* and *ANXA8* were significantly higher for the condensed N-myc than the dilute N-
316 myc (Fig. 5J). These results suggest that N-myc phase separation increases transcription of these
317 genes. As a control, we showed that lenalidomide alone did not affect transcription of these two
318 genes (Fig. 5J), based on the N-myc/SparkDrop control (no HOTag6), which did not form
319 condensates upon addition of lenalidomide (Fig. 5H). Therefore, our data indicate that N-myc
320 phase separation regulates transcriptional activity and promotes proliferation of SH-EP cells.

321 322 **N-myc phase separation differentially modulates the transcriptome**

323 To further understand how phase separation of N-myc affects global gene transcription, we
324 conducted RNA-seq analysis. By comparing the RNA-seq data of N-myc in condensed phase

325 versus those of N-myc in dilute phase, we calculated statistically significant DE (differentially
326 expressed) genes (DEGs; p-value < 0.01, FDR < 0.1), which revealed global changes of gene
327 expression upon N-myc phase separation (while N-myc expression was at the same level) (Fig.
328 6A, B). These genes have modest change in magnitude, consistent with typical changes of Myc-
329 regulated genes³⁶. As a control, we confirmed that lenalidomide itself had little effect on N-myc
330 transcription because only 4 DEGs overlapped with DEGs by N-myc LLPS (Fig. 6C, Supporting
331 Fig. S14). LLPS-regulated DEGs include 660 genes (Supporting Fig. S13, supporting excel file
332 1). Gene ontology (GO) enrichment analysis reveals that the LLPS-regulated genes are strongly
333 linked to several Myc-related biological processes including cell adhesion, ribosomal biogenesis,
334 and cell differentiation (Fig. 6D).

335
336 While N-myc phase separation regulated 660 genes, our data showed that phase separation had
337 no large impact on the global transcriptomic signature of N-myc. We compared the DEGs of N-
338 myc in the condensed phase versus those of N-myc in the dilute phase (Fig. 6E, supporting excel
339 files 2 and 3), which showed that the transcriptomic signature is largely unchanged. Furthermore,
340 we compared phase separation-regulated genes with N-myc (dilute phase)-regulated genes (Fig.
341 6F), which revealed that phase separation modulates fewer than 6% of N-myc-regulated genes.
342 Therefore, our data indicate that phase separation selectively or differentially regulates N-myc
343 transcription, while maintaining the global transcriptomic signature of N-myc. As a control, we
344 verified that lenalidomide itself had little effect on N-myc transcription because only 10 out of
345 9411 genes regulated by N-myc overlap with those regulated by lenalidomide itself (Supporting
346 Fig. S15). In total, there are 11 DEGs regulated by lenalidomide alone by calculating DEGs from
347 N-myc/SparkDrop control (no HOTA6) with lenalidomide versus DMSO (Supporting excel file
348 4).

349
350 Because Myc (including N-myc) and MAX heterodimer binds E-box and many Myc regulated
351 genes are reported to contain E-box motif³⁷, we conducted E-box enrichment analysis between
352 the LLPS-regulated and LLPS-independent genes. First, when we include all of the LLPS-
353 regulated genes regardless of fold change, E-box is slightly enriched but it is not statistically
354 significant with p-value = 0.06 (Fig. 6G). Next, we divided the LLPS-regulated genes into two
355 groups according to fold change: a strongly regulated group and a weakly regulated group. The
356 strongly regulated group contain LLPS-regulated genes with $|\text{Log}_2\text{FC}| > 0.3$, while the weakly
357 regulated group contain LLPS-regulated genes with $|\text{Log}_2\text{FC}| < 0.3$. The strongly regulated group
358 shows significant E-box enrichment (p-value < 0.001). In contrast, the weakly-regulated group
359 does not show E-box enrichment (p-value = 0.69). Furthermore, when we compared the strongly
360 regulated group against the weakly regulated group, E-box is also significantly enriched (p-value
361 < 0.01). These data suggest that regulation of gene transcription by N-myc LLPS is correlated
362 with E-box enrichment. The genes with relatively strong regulation by LLPS are enriched with
363 the E-box motif over the LLPS-independent or weakly regulated genes.

364
365 Lastly, we examined a previous list of 41 core genes of Myc³⁸, and found that 38 out of 41 were
366 regulated in the SH-EP cells with dilute phase N-myc/SparkDrop (Supporting Fig. S16). This
367 suggests that the SparkDrop system had little perturbation on the core transcriptional function of
368 N-myc. Therefore, our SparkDrop-based approach is appropriate for identifying the genes that
369 are regulated by N-myc LLPS. SparkDrop is thus a versatile chemogenetic tool for studying the
370 role of phase separation for many other transcriptional factors.

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Discussion

MYC undergoes LLPS forming liquid droplets. Recently, several studies have revealed important roles of oncoprotein condensates in oncogenic signaling and transcription³⁹⁻⁴⁶. In this work, we examined the MYC transcription factor N-myc and found that N-myc formed punctate structures in *MYCN*-amplified human neuroblastoma cells, suggesting that N-myc may form condensates when it is highly expressed. To further examine N-myc condensates in living cells, we tagged N-myc by mEGFP and exogenously expressed the fusion protein N-myc-mEGFP in the *MYCN*-nonamplified neuroblastoma SH-EP cells that have no or little endogenous N-myc expression. Our single cell analysis showed that N-myc undergoes concentration-dependent LLPS, and we determined the threshold concentration for LLPS at ~ 300 – 400 nM. Using time-lapse imaging, we further established that N-myc condensates contain liquid-like properties. The inverse capillary velocity of these fusing droplets was ~ 55% of that of P granules⁴⁷, and ~30 to 80 times lower than that of nucleoli^{27,28}.

N-myc condensates are transcriptionally active. One of the key questions in the condensate biology field is whether the biomolecular condensates are biologically active. Here we determined that the N-myc condensates are transcriptionally active, because they compartmentalize the DNA-binding and dimerization partner MAX, genomic DNA of its target gene p53, transcriptional machinery including the Mediator complex and RNA Pol II. These condensates also contain nascent RNAs. Most importantly, using the chemogenetic tool SparkDrop, we determined that N-myc condensates regulate transcription.

Here, SparkDrop drives protein phase separation without changing the abundance of N-myc protein in the nucleus. Thus, SparkDrop decouples the role of phase separation on transcription, from increased protein levels that are well known to affect transcription. Our data not only reveal that N-myc condensates are transcriptionally active, but also that phase separation of N-myc contributes to transcription. Phase separation is essentially a spatial reorganization from homogeneously distributed dilute phase to condensed phase. Our results suggest that such spatial reorganization of N-myc in the nucleus can affect gene transcription. Thus, our work shows that it is biologically important to examine role of phase separation for transcription factors.

N-myc phase separation and transcriptional activity requires TAD and chromatin binding. Many studies report that protein phase separation often requires the intrinsically disordered region. Here we also showed that N-myc LLPS requires the intrinsically disordered TAD. Furthermore, we also discovered that the DNA-binding domain of N-myc also contributes to phase separation, because lack of the bHLH-LZ domain increased the threshold concentration for LLPS. Consistently, we found that N-myc LLPS was dynamically regulated during cell mitosis when most transcription factors disengage from chromatin. The N-myc condensates disassembled when cells entered mitosis and reassembled upon mitotic exit. Furthermore, this dynamic regulation is correlated with chromosomal changes during mitosis. The N-myc condensates dissolve ~ 6 minutes before chromosome condensation upon mitotic entry. Upon mitotic exit, the N-myc condensates reformed ~ 6 minutes after chromosome de-condensation.

416 Other biomolecular condensates known to dissolve during mitosis include cytosolic condensates
417 such as stress granules and P-bodies, as well as nuclear condensates such as nucleoli and nuclear
418 speckles³⁴. While recent work has unveiled regulatory mechanisms of condensates such as stress
419 granules, for many other condensates, it remains unclear how their LLPS is regulated during
420 mitosis³⁴. Here, we discovered that disassembly and reassembly of the N-myc condensates
421 correlated with chromosome condensation and de-condensation, respectively. While
422 chromosomes are already compacted in interphase, they are further condensed during mitosis. It
423 is well established that transcription mostly stops during mitosis. Most transcription factors
424 dissociate from the condensed chromosomes when cells enter mitosis, and reassociate with
425 decondensed chromosomes upon mitotic exit⁴⁸⁻⁵⁰.

426
427 **Phase separation of N-myc differentially regulates transcriptome.** Biomolecular condensates
428 form via phase separation when protein levels exceed a threshold concentration. Arguably, the
429 most important and challenging question that remains mostly unanswered in the condensate
430 biology field is whether phase separation confers new or additional biological functions or
431 activities, such as affecting gene transcription by transcription factors. Furthermore, does phase
432 separation of a transcription factor equally or differentially regulate its downstream genes?
433 Protein condensate formation is composed of two steps: 1) protein level increase; 2) phase
434 separation, which is essentially a spatial reorganization from a homogenous distribution (dilute
435 phase) to a condensate state (condensed phase). Protein level increase of a transcription factor
436 (e.g. YAP) is known to regulate transcription. Therefore, to understand role of phase separation,
437 it is essential to decouple phase separation from increased protein levels.

438
439 Here, we utilized the chemogenetic tool SparkDrop that drives protein phase separation without
440 changing protein levels, to manipulate N-myc phase separation in living cells. SparkDrop
441 enables decoupling of N-myc phase separation from its abundance in the nucleus. Using the
442 neuroblastoma SH-EP cell as a model, we show that phase separation of N-myc does contribute
443 to transcription, and even more interestingly, it modulates a small percentage of genes (< 6%)
444 out of the several thousand regulated by N-myc. The LLPS-regulated genes with relatively large
445 fold change are significantly enriched with the E-box motif over the LLPS-independent or
446 weakly regulated genes. This suggests that N-myc LLPS may exert transcriptional regulation by
447 interacting with E-box motifs. Taken together, our work indicates that N-myc phase separation
448 does regulate gene transcription (likely through the E-box), and more interestingly, it
449 differentially regulates transcriptome with little change of the global transcriptomic signature.

450
451 In summary, our work establishes that N-myc undergoes LLPS in live cells, forming liquid-like
452 condensates that are transcriptionally active. Phase separation of N-myc differentially modulates
453 transcriptome, and partially contributes to transcription of many genes. Consistently, N-myc
454 LLPS promotes cell proliferation. While these encouraging results may only be able to answer a
455 small portion of Myc-related questions, our work opens new directions to spur future studies in
456 understanding important Myc-related cancer biology that has been studied for several decades.

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468 **Author contributions:** X.S. conceived the project. X.S., J.Y., C-I.C designed the experiments
469 and composed the manuscript. J.Y. performed N-myc phase separation and colocalization with
470 other proteins in cells. C-I.C. conducted imaging of small molecule induced N-myc phase
471 separation and analyzed colocalization with other proteins. C-I.C. performed and analyzed
472 nascent RNA labeling, RT-qPCR and RNA-seq. J.K. and W.A.W planned and performed
473 experiments to analyze expression of endogenous N-myc protein in the neuroblastoma cells.
474 H.L. processed RNA-seq data. H.L., C-I.C, J.Y., Q.Z., X.Y., X.S., Y.S. analyzed RNA-seq data.
475 All authors contributed to the final draft.

476 **Competing interests:** X.S. and W.A.W. are co-founders of Granule Therapeutics.

477 **Data and materials availability:** All data are available in the main text or the supplementary
478 materials.

479 **Code Availability:** All relevant codes are available upon request.

480
481

482 **Supplementary Materials:**

483 Materials and Methods

484 Figures S1-S16

485 Supporting excel files 1 – 4 (list of DEGs from RNA-seq)

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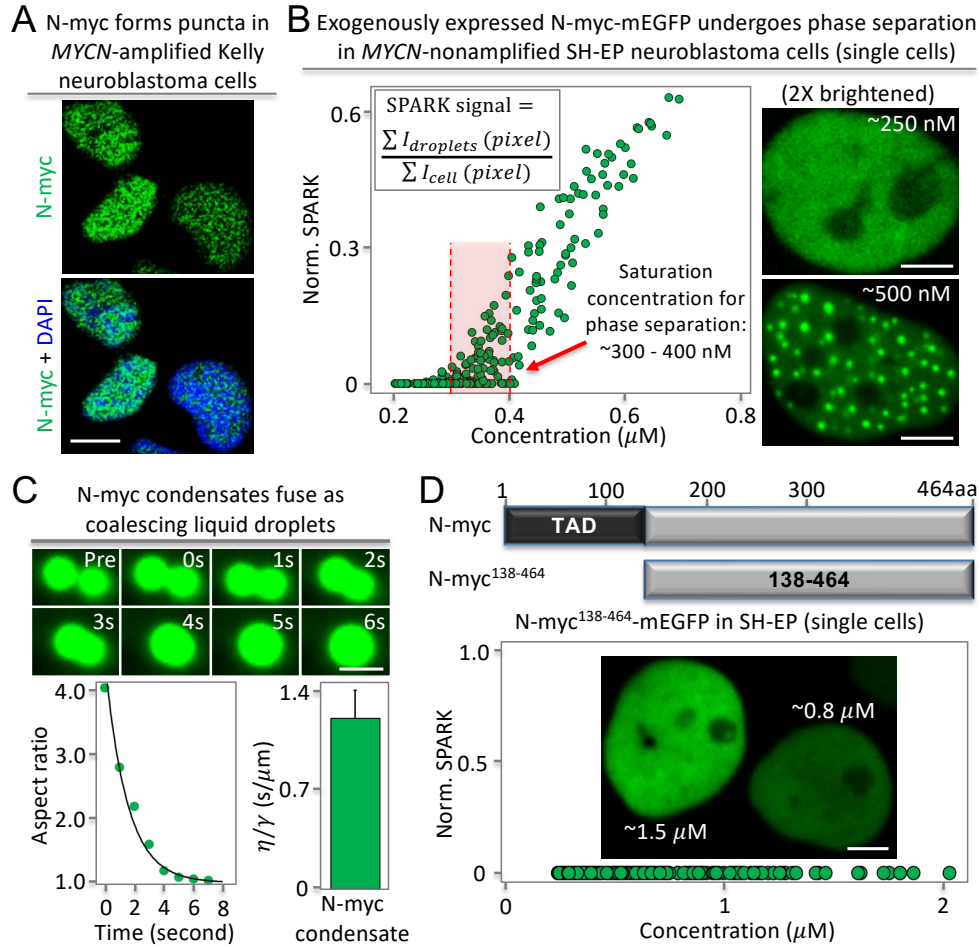


Fig. 1. N-myc undergoes liquid-liquid phase separation and requires the intrinsically disordered transactivation domain.

(A) Immunofluorescence images of N-myc in *MYCN*-amplified neuroblastoma Kelly cells. (B) Expression of mEGFP fused N-myc in the neuroblastoma SH-EP cells that have no or little endogenous N-myc protein expression. Left: quantitative analysis of N-myc puncta formation against its protein level in single cells. Each green circle corresponds to individual cells (~300 cells). The concentration of the fusion protein was estimated based on purified mEGFP (detailed in Methods). The red dashed line depicts saturation concentration for phase separation. Right: representative fluorescence images. (C) Fusion events between N-myc condensates. Top: fluorescence images. Bottom-left: quantitative analysis of the fusion events shown in the top. Bottom-right: inverse capillary velocity. Error bar represents standard deviation ($n = 12$). (D) Quantitative analysis of the truncated N-myc lacking N-terminal TAD that is an IDR. Each green circle corresponds to individual cells (~200 cells). Scale bars: 10 μm (A), 5 μm (B, D), 1 μm (C).

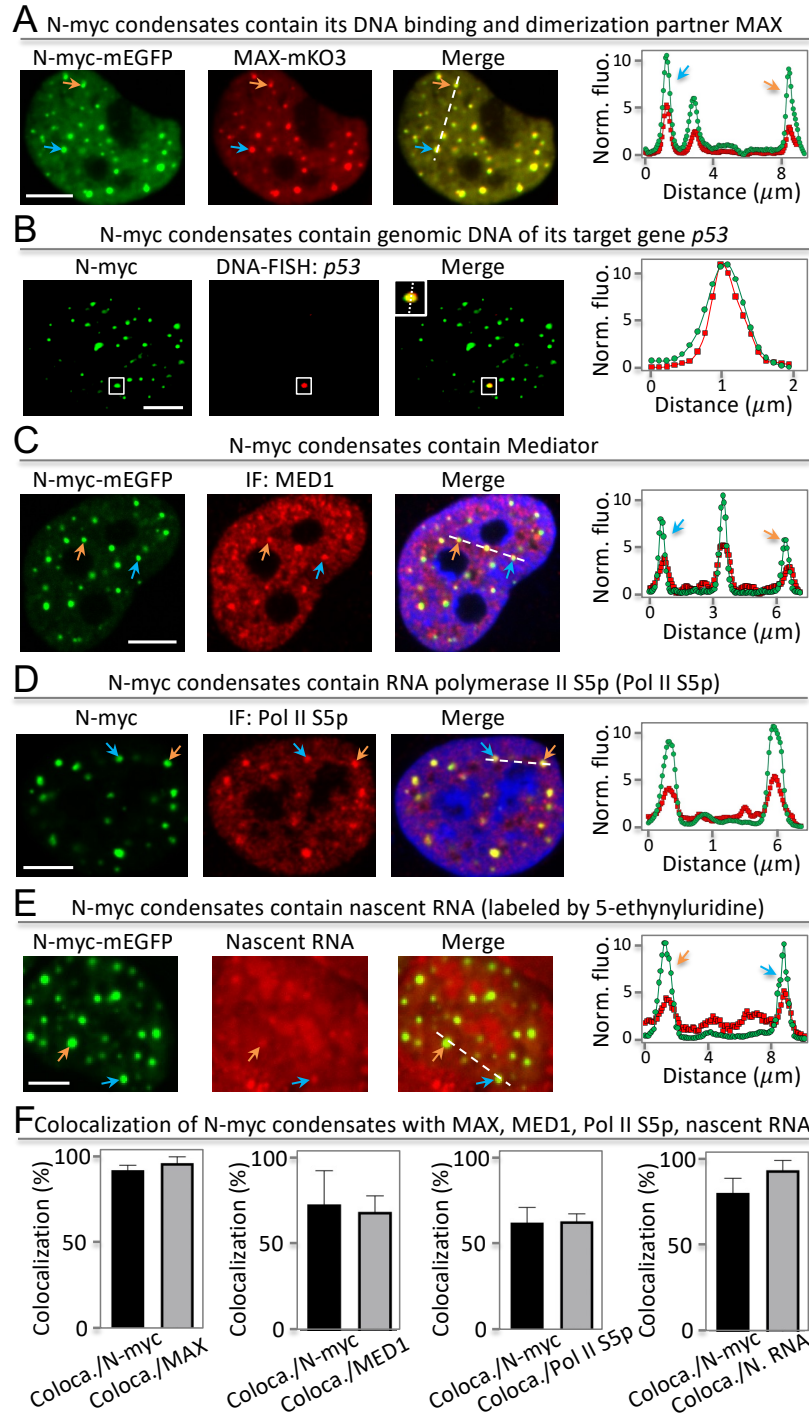


Fig. 2. N-myc condensates contain DNA-binding and dimerization partner, genomic DNA, transcriptional machinery and nascent RNA. (A) Fluorescent images of N-myc-mEGFP and MAX-mKO3 in SH-EP cells. The arrows point to representative condensates. The fluorescence intensity plot is shown on the right against position shown by the dashed line. (B) Fluorescence images of N-myc condensates with single molecule DNA FISH against *p53*. (C) Fluorescence images of N-myc condensates with immunofluorescence (IF)-imaged MED1. (D) Fluorescence images of N-myc condensates with immunofluorescence (IF)-imaged Pol II S5p. (E) Fluorescence images of N-myc condensates with nascent RNA labeled

Fig. 2. Legend (continued) by 5-ethynyluridine. (F) Percentage of N-myc condensates that colocalize with other condensates. The percentage is determined by the ratio of $\text{coloca./N-myc} = \text{number of colocalized condensates between N-myc and MAX} / \text{number of N-myc condensates}$. The same goes for other proteins. Data are mean \pm SD (n = 13 cells). Scale bars, 5 μm (A – E).

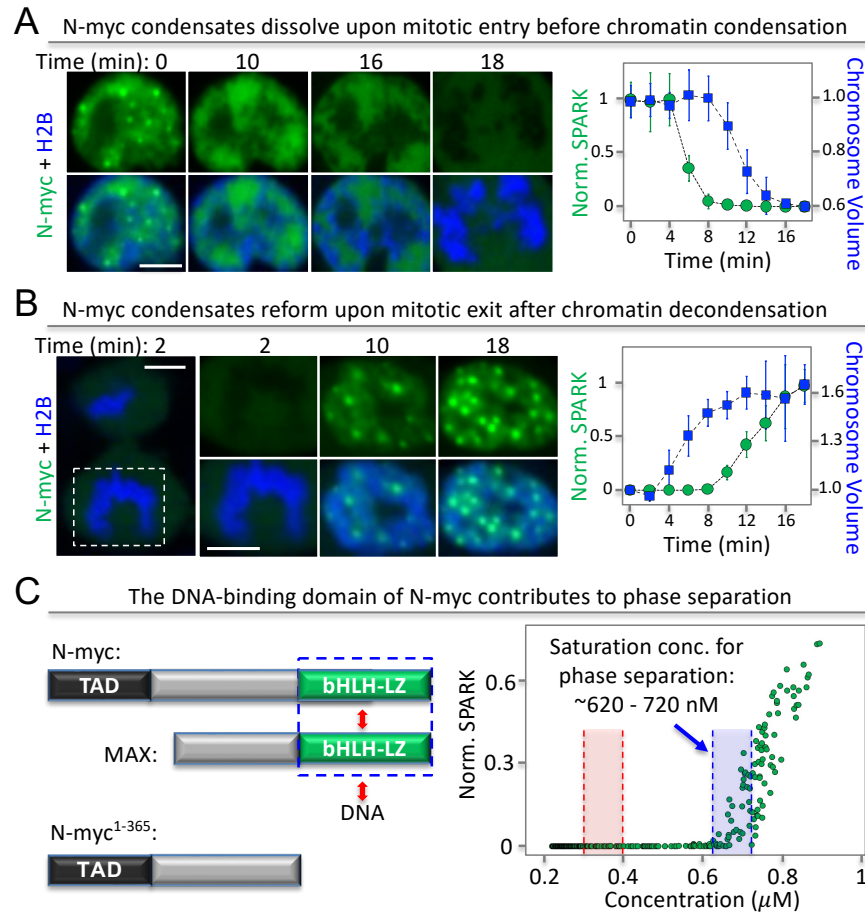
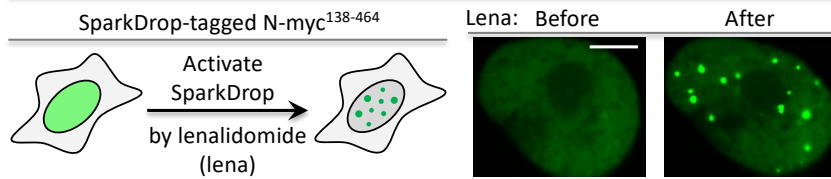


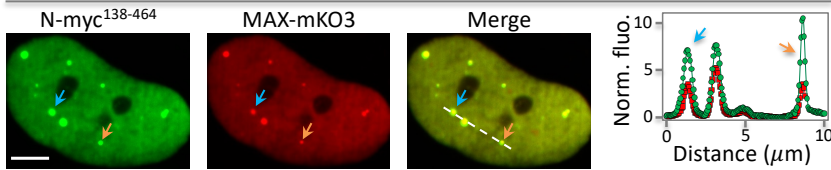
Fig. 3. Dynamic regulation of N-myc condensates during cell mitosis.

(A) Time-lapse images of SH-EP cells expressing N-myc-mEGFP upon mitotic entry. The cells co-expressed mIFP-tagged histone 2B (H2B, in blue). Chromosome volume was calculated based on mIFP-H2B fluorescence. Right panel: quantitative analysis of correlation between N-myc condensate dissolution and chromosome condensation. Error bar represents standard deviation (9 cells). (B) Time-lapse images of SH-EP cells expressing N-myc-mEGFP upon mitotic exit. Right panel: quantitative analysis of correlation between N-myc condensate reformation and chromosome de-condensation. Error bar represents standard deviation (7 cells). (C) Phase diagram of the truncated N-myc lacking the DNA-binding domain. The blue box depicts saturation concentration for N-myc¹⁻³⁶⁵ phase separation. The red box depicts saturation concentration for full length N-myc phase separation (see Fig. 1B).

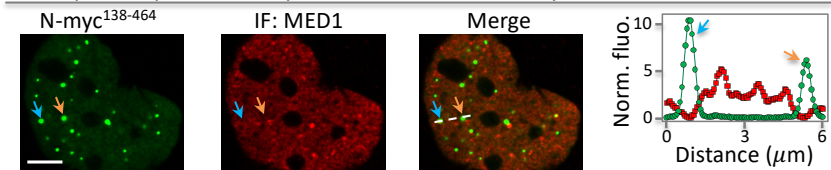
A Lenalidomide-activatable chemogenetic tool SparkDrop drives phase separation of N-myc¹³⁸⁻⁴⁶⁴ (N-myc¹³⁸⁻⁴⁶⁴/SparkDrop: N-myc¹³⁸⁻⁴⁶⁴-mEGFP-CEL & ZIF-NLS-EGFP*-HOTag6)



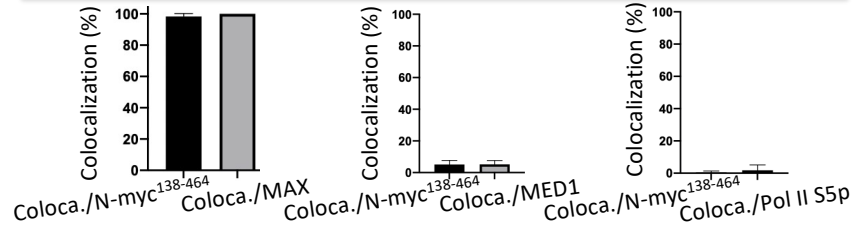
B The SparkDrop-driven N-myc¹³⁸⁻⁴⁶⁴ condensates contain MAX



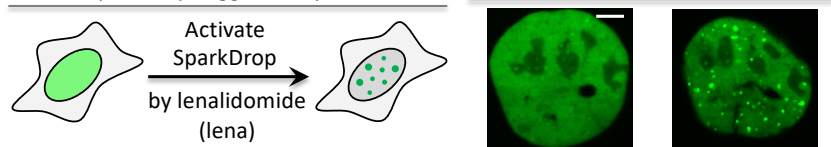
C The SparkDrop-driven N-myc¹³⁸⁻⁴⁶⁴ condensates mostly do not contain Mediator



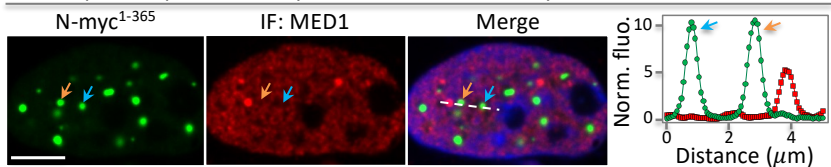
D Condensate colocalization of N-myc¹³⁸⁻⁴⁶⁴/SparkDrop with MAX, MED1, Pol II S5p



E SparkDrop-tagged N-myc¹⁻³⁶⁵



F The SparkDrop-driven N-myc¹⁻³⁶⁵ condensates mostly do not contain Mediator



G Condensate colocalization of N-myc¹⁻³⁶⁵/SparkDrop with MAX, MED1, Pol II S5p

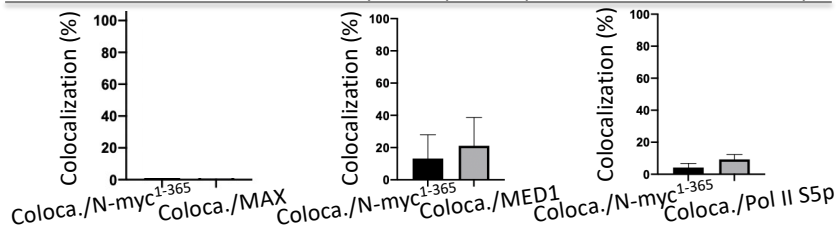


Fig. 4. Both TAD and DNA-binding domain are required for transcriptional activity of N-myc condensates. (A) Lenalidomide-activatable SparkDrop drives phase separation of a

Fig. 4. Legend (continued) truncated N-myc lacking TAD. (B) Fluorescence images of N-myc¹³⁸⁻⁴⁶⁴/SparkDrop with MAX-mKO3. (C) Fluorescence images of SparkDrop-driven N-myc¹³⁸⁻⁴⁶⁴ condensates and MED1. (D) Percentage of N-myc¹³⁸⁻⁴⁶⁴/SparkDrop condensates that colocalize with other condensates. The percentage is determined by the ratio of $\text{coloca./N-myc}^{138-464} = \text{number of colocalized condensates between N-myc}^{138-464}/\text{SparkDrop and MAX}$ divided by number of N-myc¹³⁸⁻⁴⁶⁴/SparkDrop condensates. The same goes for other proteins. Data are mean \pm SD (n = 15 cells). (E) Lenalidomide-activable SparkDrop drives phase separation of a truncated N-myc lacking DNA-binding domain. (F) Fluorescence images of SparkDrop-driven N-myc¹⁻³⁶⁵ condensates and MED1. (G) Percentage of N-myc¹⁻³⁶⁵/SparkDrop condensates that colocalize with other condensates. The percentage is determined by the ratio of $\text{coloca./N-myc}^{1-365} = \text{number of colocalized condensates between N-myc}^{1-365}/\text{SparkDrop and MAX}$ divided by number of N-myc¹⁻³⁶⁵/SparkDrop condensates. The same goes for other proteins. Data are mean \pm SD (n = 15 cells). Scale bars: 5 μm (A – C, E, F).

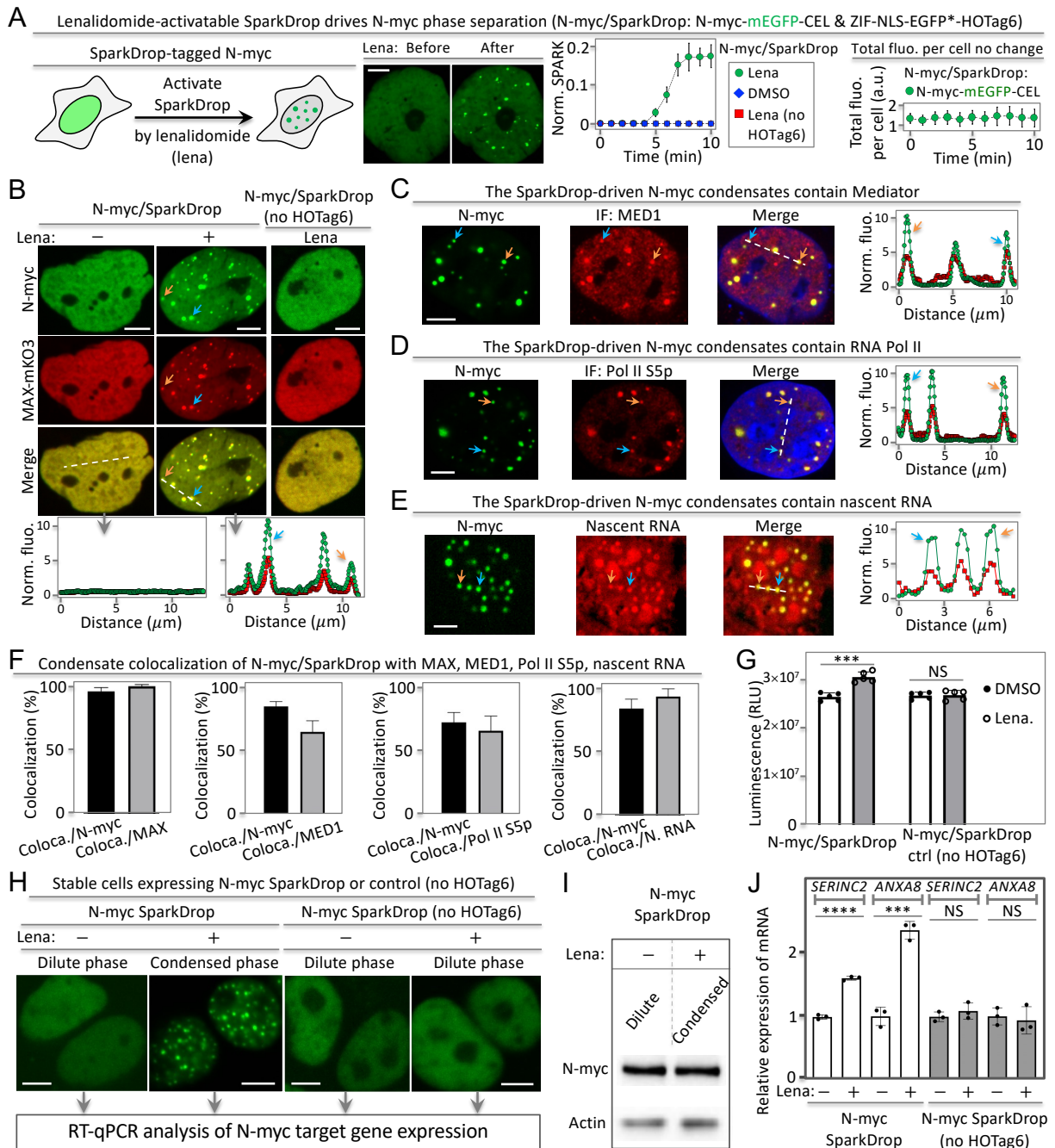


Fig. 5. The chemogenetic tool SparkDrop reveals role of phase separation of N-myc on transcription. (A) SparkDrop drives N-myc phase separation without change of protein level. (B) SparkDrop-driven N-myc condensates contain DNA-binding and dimerization partner MAX. (C – E) Fluorescence images showing SparkDrop-driven N-myc condensates contain transcriptional machinery including MED1 (C), RNA Pol II S5p (D), and nascent RNA (E). (F) Percentage of N-myc/SparkDrop condensates that colocalize with other condensates. The percentage is determined by the ratio of $\text{coloca./N-myc} = \text{number of colocalized condensates between N-myc/SparkDrop and MAX} / \text{number of N-myc/SparkDrop condensates}$. The same goes for other proteins including nascent RNA (N. RNA). Data are mean \pm SD ($n = 13$ cells). (G) Quantitative analysis of SH-EP cell proliferation using CellTiter-Glo with N-myc

Fig. 5. Legend (continued) in dilute vs condensed phase. Luminescence was measured after the cells were treated with DMSO or lenalidomide (1 μ M) for 72 hrs. Data are mean \pm SD (n = 5). *** P-value < 0.001. (H) Fluorescent images of stable cells expressing SparkDrop-tagged N-myc or the control. The cells were treated with lenalidomide or DMSO, followed by RT-qPCR analysis. (I) Western blot showing N-myc protein abundance level. (J) RT-qPCR analysis of two N-myc-regulated genes' expression level in the cells with condensed and dilute phase of N-myc. Data are mean \pm SD (n = 3). ****P-value < 0.0001. *** P-value < 0.001. NS, not significant. Scale bars: 5 μ m (A – E, H).

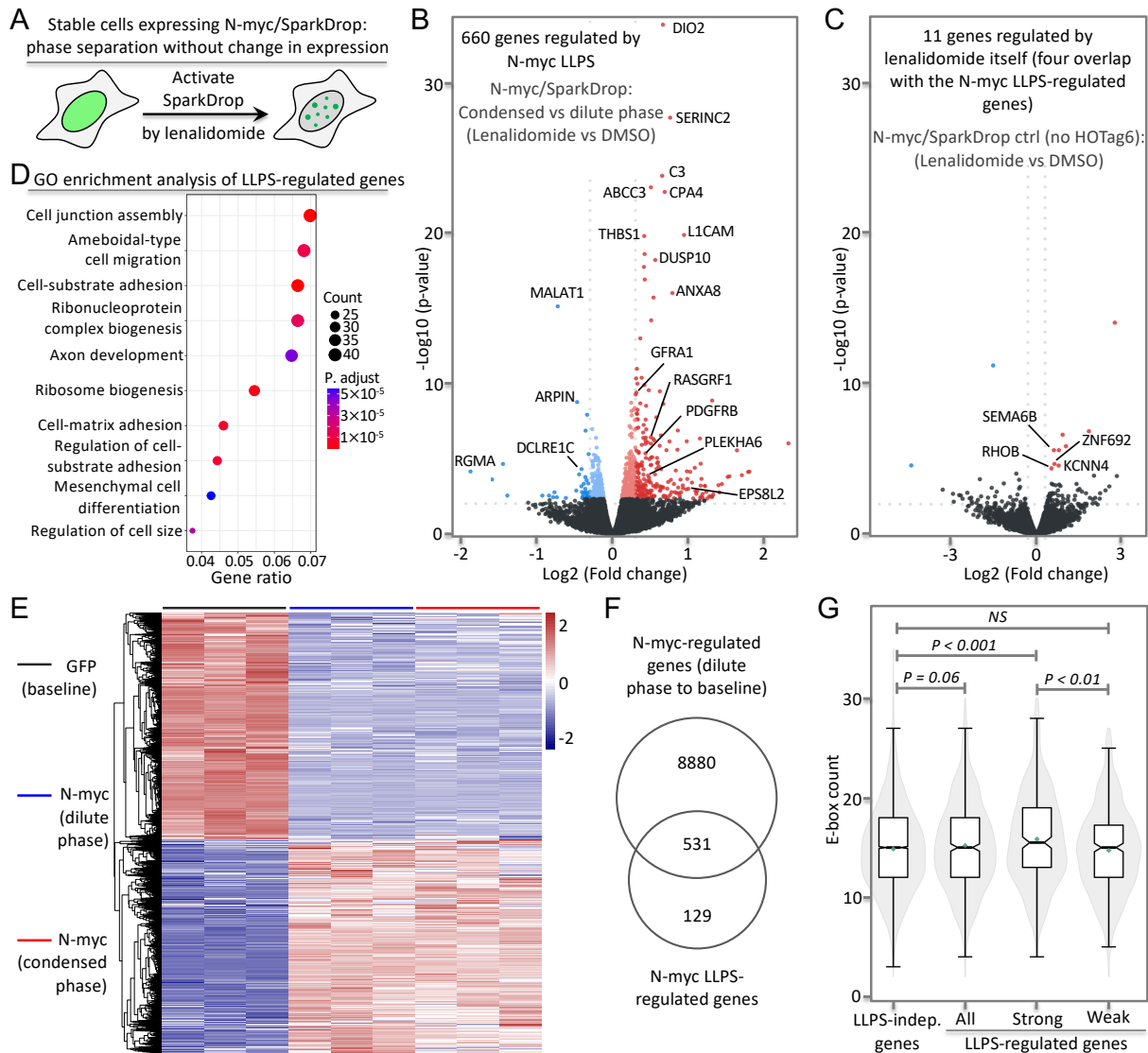


Fig. 6. Phase separation of N-myc differentially regulates transcriptome. (A) Schematic of SparkDrop-based N-myc phase separation without change of protein level. (B) Volcano plot showing fold change of mRNA levels (\log_2 fold change) for N-myc in the condensed to dilute phase (i.e. lenalidomide to DMSO) plotted against its p-value ($-\log_{10}$). mRNAs showing significant up- and down-regulation (p-value < 0.01 , FDR < 0.1) are marked in red and blue, respectively. Black dots represent mRNAs with no significant changes. The DEGs with $|\log_2\text{FC}| > 0.3$ or < 0.3 are categorized as strongly and weakly regulated groups, which are marked by solid and shaded colors, respectively. (C) Volcano plot showing fold change of mRNA levels for the N-myc SparkDrop control (no HOTag6) in lenalidomide to DMSO samples. mRNAs showing significant up- and down-regulation (p-value < 0.01 , FDR < 0.1) are marked in red and blue, respectively. The four overlapped genes are labeled. See the full list in supporting excel file 4. (D) GO enrichment analysis of the N-myc LLPS-regulated genes. (E) Heat map showing mRNA levels of N-myc core genes that are significantly regulated. The number of the color key represents z-scores. (F) Venn diagram showing the overlap of N-myc-regulated genes (top, dilute phase) and the N-myc phase separation-regulated genes (bottom). (G) E-box enrichment analysis between the N-myc LLPS-

Fig. 6. Legend (continued) independent genes and the LLPS-regulated genes including strongly and weakly regulated groups. P values are indicated (Wilcoxon test). NS: not significant (p-value = 0.69).