PRDM16 functions as a co-repressor in the BMP pathway to suppress neural stem cell

proliferation

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Abstract

BMP signalling acts as an instructive cue in multiple developmental processes such as tissue

patterning, stem cell proliferation and differentiation. It remains unclear how the same

signalling input can be translated into a diverse range of cell-specific outputs. Here we have

identified PRDM16 as a key regulator for BMP-induced neural stem cell (NSC) quiescence.

We have determined genomic distribution of the SMAD4/pSMAD complexes in quiescent and

proliferating NSCs and find that PRDM16 tethers the SMAD4 and pSMAD1/5/8 proteins at

their co-bound genomic sites to prevent transcriptional activation of cell proliferation genes.

Loss of *Prdm16* led to relocation of the SMAD complex to neighbouring genomic regions,

leading to aberrant upregulation of BMP target genes. Such function of PRDM16 is also

required for the specification of choroid plexus (ChP) epithelial cells. Using a single-cell

resolution fluorescent *in situ* approach, we show that a SMAD/PRDM16 co-repressed gene,

Wnt7b, and Wnt activity become upregulated in the *Prdm16* mutant ChP, which correlates with

abnormally elevated cell proliferation. Together, our work defines the mechanism by which

SMAD4 and pSMAD1/5/8 repress gene expression during the induction of cell quiescence and

suggests a regulatory circuit composed of BMP and Wnt signaling and PRDM16 in the control

of stem cell behaviors.

Introduction

Uncontrollable cell proliferation can lead to tumor growth, while premature differentiation can result in tissue degeneration. How stem cell proliferation and quiescence are regulated is a fundamental question in developmental and stem cell biology. BMP (Bone morphogenetic proteins) signaling is a key cell-signaling pathway that plays a role in inducing and maintaining stem cell quiescence. Additionally, BMP signaling is involved in numerous cell specification processes (Zhang and Li, 2005).

The ability of a single pathway to play a diverse range of roles relies on context-specific transcriptional outputs. SMAD4 is the common transcription factor that mediates BMP and TGF-β/Activin signaling. Upon BMP induction, SMAD4 associates with phosphorylated SMAD1/5/8, while in response to TGF-β/or Activin, it complexes with phosphorylated SMAD2/3. It is known that the SMAD protein complexes can both activate and repress target gene expression. However, the precise mechanism that determines the regulatory activity of SMADs and target gene selection remains unclear (Hill, 2016).

In the mammalian brain, BMP and Wnt signaling pattern the brain midline where an essential structure, the ChP, emerges. Neural epithelial cells at the site of presumptive ChP lose neural potential, and the majority of them exit cell cycle. Only a few cells at the boarder of the ChP primordium and cortical hem (CH) remain as slowly dividing ChP progenitors which expand the monolayered ChP epithelial cells (Liddelow et al., 2010). BMP signaling is essential for ChP epithelium specification. Conditional depletion of the BMP receptor *BMPr1a* diminishes ChP development (Hebert et al., 2002), while ectopic BMP was sufficient to transform neural progenitors into ChP cells (Watanabe et al., 2012). Wnt signaling peaking at CH is also required for ChPe cell specification (al, 2020). Conditional depletion of ß-Catenin resulted in defective ChP, while overexpression of ß-Catenin expands CH at the expense of the ChP epithelium. These observations suggest that the level of Wnt and BMP signaling needs to be tightly controlled to ensure proper cell specification.

The PR domain-containing (PRDM) family protein PRDM16 determines cell fate specification in various cell types (Aguilo et al., 2011; Baizabal et al., 2018; Chui et al., 2020; Chuikov et al., 2010; Inoue et al., 2017; Kajimura et al., 2008; Shimada et al., 2017). Consistent with its essential roles in normal development, mutation and dysregulation of *Prdm16* are linked with several human diseases including those identified in the patients with 1p36 chromosomal

aberrations. It has been shown that deletion of *PRDM16* has a causal role in cardiomyopathy

(Arndt et al., 2013), while co-amplification of *PRDM16* and *SKI* was shown to promote tumour

growth via suppressing TGF-β anti-proliferation activity in gastric cancer cells (Takahata et al.,

2009). Moreover, as a master regulator of the thermogenic gene expression program in brown

adipocytes, PRDM16 has been studied as a promising target to treat obesity and other metabolic

diseases (Horvath and Scheele, 2022).

PRDM16 has versatile functions at the molecular level. It regulates chromatin accessibility and

epigenetic states of its bound enhancers (Baizabal et al., 2018; He et al., 2021), and depending

on the associated cofactors, PRDM16 can repress or activate gene expression. This poses a

challenge when targeting PRDM16 is a therapeutic strategy in disease treatment because

undesired outcome may occur. Thus, it is important to get a full understanding of the regulatory

roles of this protein in each individual process.

In this study we have investigated the mechanisms that regulate the transition between stem

cell proliferation and differentiation. We show that *Prdm16* mutant ChP cells fail to transit from

proliferative to quiescent state, a similar phenotype to when BMP signaling is abolished (Hebert

et al., 2002). We dissected the molecular interaction of the SMAD4/pSMAD1/5/8 complex with

PRDM16 in the genome, and found that PRDM16 functions as a co-repressor for SMAD4 and

pSMAD1/5/8, by relocating the SMAD complex to distal repressive elements in the genes

encoding cell proliferation regulators. Finally, we validate that *Wnt7b* is a direct target co-

regulated by BMP signaling and PRDM16 in NSCs and that the elevated Wnt signaling

correlates with cell over-proliferation in the *Prdm16* mutant ChP. These findings uncover an

essential function of PRDM16 in stem cell regulation and BMP and Wnt signalling. PRDM16,

Results

Prdm16 **is required for the specification of the ChP epithelium**

BMP signaling starts to specify the presumptive ChP at embryonic day E10.5 in mice (Hebert

et al., 2002) when *Prdm16* mRNAs become detectable in this region (**Fig. 1A**). Previously we

reported that animals of the *Prdm16* knockout (KO) null allele, *Prdm16^{cGT}* (*cGT*), show

severely reduced ChP structure (**Fig 1B**) (Bjork et al., 2010; He et al., 2021; Strassman et al.,

2017). In the *Prdm16* KO mutant, expression of the ChP marker gene, *Ttr*, is not only reduced

in the lateral ventricle (tChPs) but also in the fourth ventricle (hChP) (**Fig. 1C-D**), suggesting

that the function of PRDM16 is not area-restricted but generally required for ChP development.

To assess the overall patterning of the CH and ChP region, we checked expression of *Wnt2b*

and *BMP4* by conventional RNA *in situ* hybridization. The *Wnt2b* signal appeared normal in

mutant brains compared with the controls at E11.5 and E12.5 (**Supplementary Fig. 1A**),

suggesting that the area of CH is not affected by *Prdm16* deletion. Although the morphology

of *Prdm16* mutant ChP epithelium looked defective, as it remained as thick as the neural

epithelium, the level and range of *BMP4* expression in wild-type and mutant brains appeared

comparable (**Supplementary Fig. 1A**). This result indicates that loss of *Prdm16* does not affect

overall patterning of the medial-lateral region nor expression of *Wnt2b* and *BMP4*.

Neural epithelial cells in the ChP primordium rely on PRDM16 to exit cell cycle and loss

neural potential

Next, we attempted to examine cellular changes underlying defective ChP in the *Prdm16*

mutant. As the mutant ChP epithelium is thicker than the wild-type (**Fig. 1C-D**), we examined

cell proliferation of the ChP cells by a 2-hour EdU labeling at E12.5. In control embryos from

the same litter, the ChP cells were mostly EdU negative and transitioning into a monolayer,

suggesting that these cells have exited cell cycle. By contrast, *Prdm16* mutant ChP cells

remained highly proliferative (**Fig. 1E**).

To further check the property of *Prdm16* mutant ChP cells, we stained the control and mutant

brain slices with the neuronal marker Doublecortin (Dcx). The control brain lacked Dcx

positive cells in the ChP, suggesting that neural epithelial cells were specified into ChP

epithelial cells and thus lost neural potential (**Fig. 1F**). However, there were a number of Dcx

positive cells lining along the basal side of the epithelium in the *Prdm16* mutant ChP, indicative

of continued neurogenesis.

To further examine the property of ChP cells, we stained the brain sections with the stem cell

marker SOX2. SOX2 is highly expressed in NSCs adjacent to the ChP epithelium, but its

expression became significantly reduced in the presumptive ChP area (**Supplementary Fig.**

1C). However, such reduction was abolished in the *Prdm16* mutant.

Together, these results demonstrate that *Prdm16* depletion disrupted the transition from neural

progenitors into ChP epithelia, leading to ectopic proliferation and neurogenesis. This

phenotype is a reminiscence of the BMP pathway mutant, Foxg1-cre::loxp*Bmpr1a,* where

ectopic cell proliferation was found in the developing ChP (Hebert et al., 2002). We then

wondered whether PRDM16 interacts with the BMP pathway to restrict cell proliferation.

PRDM16 and BMP signaling collaborate to induce NSC quiescence

It is known that BMP signaling maintains adult NSC quiescence and that BMPs are sufficient

to induce cultured proliferative NSCs into quiescence (Mira et al., 2010). To determine wether

and how PRDM16 interacts with BMP signaling to regulate cell proliferation, we switched to

using cultured primary NSCs (**Fig. 2A**). The PRDM16 protein is highly expressed in the

nucleus of NSCs in embryonic brain tissues (**Fig. 1B**, and (He et al., 2021)). Unexpectedly, the

protein became nearly undetectable when primary NSCs are cultured *in vitro* (**Supplementary**

Fig. 2A) although *Prdm16* mRNA levels were still high (**Supplementary Fig. 2B**). This

suggests that an unknown mechanism controls the stability and nuclear localization of PRDM16

in vivo. It was reported that post-translational modification of PRDM16 is an important

regulatory switch for PRDM16 function in brown adipocytes (Wang et al., 2022). We speculate

a similar mechanism used in NSCs in the brain. To overcome this issue and examine potential

molecular function of PRDM16 in NSC proliferation and gene regulation, we infected primary

NSCs with a lenti-viral construct that constitutively expresses *3xNSL_Flag_Prdm16* resulting.

This cell line expresses high levels of Prdm16 mRNA and detectable PRDM16 protein in the

nucleus and cytoplasm (**Supplementary Fig. 2A-B**). We referred this cell line as to

Prdm16_expressing (Prdm16_E). For comparison, we cultured NSCs from *Prdm16_*KO brains

from the same developing stage and brain area.

Similar to previously reported (Mira et al., 2010), BMP4 was able to induce cell quiescence of

proliferative *Prdm16_E*xpressing NSCs, as indicated by the reduction in the number of mKi67-

stained or EdU-labeled cells (**Fig. 2B-C**). By contrast, many of the *Prdm16*_KO cells failed to

exit cell cycle after BMP4 addition, evidenced by less reduction of the mKI67 or EdU positive

cell population (**Fig. 2B-C**) and reduced *mKi67* mRNA levels measured by reverse-

transcription followed by quantitative PCR (RT-qPCR) assay (**Fig. 2D**).

BMP4 is able to induce ChP cell fate and ChP gene activation from neural progenitors *in vitro*

[5]. To examine whether PRDM16 facilitates the activity of BMP signaling in the induction of

ChP genes, we measured expression of *Ttr* using RT-qPCR. In NSCs that express *Prdm16*, we

detected an increase in *Ttr* mRNA expression, while the *Prdm16* KO NSCs and the NSCs

without the *Prdm16*_expressing construct show no induction at all (**Fig. 2E**).

Thus, as in ChP specification, both BMP signaling and PRDM16 are required for inducing NSC

quiescence and ChP gene expression. We then moved forward to examine the molecular

function of PRDM16 and BMP signaling in this context.

BMP signaling and PRDM16 cooperatively repress cell proliferation genes to induce
quiescence.

To determine how BMP signaling and PRDM16 regulate cell quiescence, we sought to

determine the transcriptional targets of SMAD4 and pSMAD1/5/8 in the condition of BMP4

versus no BMP4. We first tested a PRDM16 antibody and the available SMAD antibodies in

Cleavage Under Targets and Tagmentation (CUT&TAG) experiments, but none of the SMAD

antibodies worked. We then used chromatin immunoprecipitation followed by deep-sequencing

(ChIP-seq) to profile genomic binding sites for the SMAD proteins. As a control, we included

the antibody targeting SMAD3. Thus, our experiment settings allow profiling genomic binding

sites for PRDM16 and all three classes of SMAD proteins at the conditions with endogenous

BMPs and TGF-β/Activin and ectopic BMP4.

In *Prdm16_E* cells without BMP4, we identified a few hundred to thousand ChIP-seq peaks for

all three classes of SMAD proteins after normalizing to the input reads (FDR < 10%),

suggesting a modest level of endogenous BMP and TGF-β signaling in these cells (**Fig. 3A,**

Supplementary Fig. 3). Following BMP4 addition, pSMAD1/5/8 gained around 750-fold

more peaks, while the number of SMAD3 peaks increased less than three folds (**Fig. 3B,**

Supplementary Fig. 3A). Moreover, in cells treated with BMP4, the pSMAD1/5/8 peaks

largely overlap with the SMAD4 peaks, but not much with the SMAD3 ones (**Supplementary**

Fig. 3B). For instance, we found that there is pSMAD1/5/8 binding to two enhancers in the

intronic region of *Prdm16*. The binding intensity was dramatically increased in response to

BMP4 (**Supplementary Fig. 3D**). This indicates that *Prdm16* itself is a transcriptional target

of BMP signaling. Indeed, *Prdm16* mRNA levels can be elevated by BMP4 in wild-type but

not *Prdm16_KO* cells (**Supplementary Fig. 2B**). SMAD3 showed little ChIP-seq signal in the

enhancers of *Prdm16*. These results confirm that the response of pSMAD1/5/8 is specific to

BMP4, while SMAD3 is generally irresponsive to BMP4. The gained Smad3 sites may derive

from indirect effect of BMP signaling.

To assess the regulatory activity of SMAD4/pSMAD1/5/8 in NSCs, we determined the state of

transcription activation using H3K4me3 CUT&TAG signals at annotated gene TSS in BMP4-

treated and non-treated *Prdm16_E* cells. It is known that cell identity genes are marked by

extended breadth of H3K4me3 (Benayoun et al., 2014). We reasoned that compared to RNA-

seq that measures gene expression for all genes, changes in the H3K4me3 signal at the promoter

may bias toward cell identity genes between proliferation and quiescence states. We thus

determined all BMP4-repressed and activated genes, by measuring changes of the H3K4me3

CUT&TAG read coverage at annotated transcription starting sites (TSS) in BMP4-treated

Prdm16_E cells versus those non-treated, and identified 145 up-regulated and 184 down-

regulated SMAD target genes (**Fig. 3B**) (P<0.01).

To identify the function of genes regulated by BMP signaling, we performed gene ontology

(GO) analyses for the genes that changed expression in response to BMP4 in *Prdm16_E* cells

(see Methods). Remarkably, only the downregulated genes (BMP4-repressed genes) show

significantly enriched functional categories, and nearly all GO terms are related to cell

proliferation/cell cycle (**Fig. 3C**). A recent study reported that BMP2-induced genes are mostly

enriched for neuronal and astrocyte differentiation (Katada et al., 2021), while our analysis did

not identify these categories. The discrepancy may derive from different BMP ligands (BMP4

versus BMP2), difference in NSC culture, as ours was from E13 instead of E11 and E14, or

different profiling methods, H3K4me3 versus RNA-seq.

To identify PRDM16-repressed and activated genes in the condition of active BMP signaling,

we called changes of H3K4me3 coverage at TSSs in BMP4-treated *Prdm16_KO* cells versus

BMP4-treated *Prdm16_E* cells. There were about twice as many up-regulated genes as down-

regulated genes (**Fig. 3D**), suggesting that the cooperative activity of PRDM16 and BMP

signaling mainly represses target gene expression. To identify the common targets repressed by

PRDM16 and BMP signaling, we overlapped the 184 genes repressed by BMP4 and the 240

genes repressed by PRDM16, and identified 31 common ones. These 31 genes all display low

H3K4me3 coverage in *Prdm16_E* cells with BMP4 but higher H3K4me3 signal in both

Prdm16_KO cells treated with BMP4 and *Prdm16_E* cells without BMP4 (**Fig. 3E).**

We further confirmed that the change of H3K4me3 intensity at the *Wnt7b* promoter faithfully

recapitulated the change of *Wnt7b* mRNA levels by using RT-qPCR (**Fig. 3F-G**). As a negative

control, the TGF-β pathway target gene *Cdkn1a* encoding the cell cycle inhibitor *p21* showed

unchanged H3K4me3 coverage between BMP4 treated and non-treated cells and between

Prdm16_E and *KO* cells, suggesting that neither PRDM16 nor BMP signaling affects

expression of *Cdkn1a* in NSCs.

PRDM16 assists genomic binding of the BMP pathway transcription factors

To determine how PRDM16 interacts with BMP signaling, we integrated the PRDM16

CUT&TAG with the SMAD ChIP-seq data and focused on assessing how PRDM16 influences

genomic binding of the SMAD proteins.

The SEACR peak caller software (Meers et al., 2019) identified 3337 and 7639 PRDM16

CUT&TAG common peaks from four replicates of the BMP4-treated and non-treated

Prdm16_E samples (FDR < 10%, see Methods) respectively, representing PRDM16-bound

genomic sites at these two conditions (**Fig. 4A**). The samples from *Prdm16_KO* cells

completely lack these sites, validating the specificity of the PRDM16 CUT&TAG signal (**Fig.**

4B). There are 5936 lost and 1634 gained PRDM16 CUT&TAG peaks upon BMP4 treatment,

suggesting that PRDM16 regulates a distinct subset of genes in proliferating versus quiescent

NSCs.

In the overlapping analyses (see Methods), we found that more than 50% of SMAD4 and

pSMAD1/5/8 binding peaks are consistent in *Prdm16_E* and *Prdm16_KO* cells

(**Supplementary Fig. 4A-B**), suggesting that deletion of *Prdm16* does not affect general

genomic binding ability of the SMAD4/pSMAD1/5/8 proteins. In *Prdm16_E* cells with BMP4,

most of PRDM16 CUT&TAG peaks overlap with the SMAD4 and pSMAD1/5/8 peaks, but

not much with SMAD3 (**Supplementary Fig. 4A-C**), suggesting that PRDM16 mainly

collaborates with the SMAD4/pSMAD1/5/8 complex but not the SMAD3/SMAD4 complex in
cells with BMP4.

Interestingly, the enrichment of SMAD4 and pSMAD1/5/8 at the PRDM16 co-bound sites
became significantly lower in *Prdm16_KO* cells than that in *Prdm16_E* cells (**Fig. 4C**)
(P=2.5E-6, and P=4.7E-3, respectively, two-tailed *t*-test). This result indicates that SMAD
binding to the PRDM16/SMAD co-bound sites depends on PRDM16. As a control, the sites
without PRDM16 co-binding did not show such change (P>0.05).

To validate the co-binding of SMAD4 and PRDM16, we selected the candidate loci of *Wnt7b*
and *Id1* (**Fig. 4D-E**). We first confirmed that SMAD4 and PRDM16 simultaneously bind to the
same DNA molecules by using sequential ChIP-qPCR with the PRDM16 antibody in the first
round of IP and the SMAD4 antibody in the second IP at the *Wnt7b* and *Id1* gene loci
(**Supplementary Fig. 4D**). SMAD4 displayed higher enrichment in the chromatin pulled by
the PRDM16 antibody compared to that by the IgG control. We also validated reduced SMAD
binding at the SMAD/PRDM16 co-bound site by ChIP-qPCR with the SMAD4 antibody in
Prdm16_E and *Prdm16_KO* cells. SMAD4 binding became consistently weaker in the mutant
in two biological replicates (**Fig. 4F-G**). Thus, PRDM16 enhances genomic binding of the
SMAD proteins to specific genome regions.

We then wondered what distinguishes the regions co-bound by SMADs and PRDM16 from
those only bound by SMADs. To this end, we checked whether there is any intrinsic difference
between SMAD-bound regions with and those without PRDM16 binding. It has been shown
that SMAD4 can bind two major types of DNA motifs (Hill, 2016): together with pSMAD1/5/8
or pSMAD3, SMAD4 may bind to a palindromic motif, GTCTAGAC or direct repeats of
GTCT like GTCTGTCTGTCT (Dennler et al., 1998; Wong et al., 1999; Zawel et al., 1998);
together with pSMAD1/5/8, SMAD4 associates with GC-rich SBEs (SMAD-binding elements)
including GGCGCC-AN4-GNCV and GRCGNCNNNNNGTCT (Gao et al., 2005;
Pyrowolakis et al., 2004; Weiss et al., 2010). To determine how PRDM16 may influence
binding site selection of SMADs, we calculated occurrence frequency of each of these motifs
in binned SMAD4 ChIP-seq peaks from *Prdm16_E* cells treated with BMP4 (bin 1 to 5 with
low to high peak scores, **Fig. 4H**). Interestingly, the palindromic motif is the most enriched,
and its occurrence frequency increases with peak scores but becomes lower in the SMAD4
peaks without PRDM16 co-binding. The frequency of the motif with three copies of GTCT also
increases with higher SMAD4 peak scores, but there is no reduction in regions without

PRDM16 binding. The two GC-rich motifs show a different trend: they are not as highly

enriched, their frequencies do not increase with higher SMAD4 peak scores, and the occurrence

frequency in PRDM16 co-bound regions is either comparable to or even lower than the regions

without PRDM16 binding. This result suggests that PRDM16 separate the

SMAD4/pSMAD1/5/8 proteins into two types of genomic regions, one enriched for the

palindromic motif and the other with the GC-rich motifs, by tethering the SMAD complex to

the regions enriched of the palindromic motif.

296   SMAD4 and pSMAD1/5/8 switch genomic locations in the absence of PRDM16

Our careful inspection on the *Wnt7b* and *Id1* loci surprisingly revealed that there are multiple

ectopic SMAD4 and pSMAD1/5/8 peaks in the *Prdm16* mutant sample (arrow-indicated peaks

in **Fig. 5A-B**). We then globally assessed the extent of ectopic SMAD binding surrounding the

SMAD/PRDM16 co-bound sites by quantifying differential SMAD binding intensity between

Prdm16_KO and *Prdm16_expressing* cells (**Fig. 5C,** FDR < 10%). In agreement with the

metaplots (**Fig. 4C**), all of the SMAD/PRDM16 co-bound sites (blue dots) showed reduced

ChIP-seq read coverage in *Prdm16_KO* cells. By contrast, the flanking regions within the

200kb range of a co-bound site (red dots) displayed a trend of increase of SMAD binding in

Prdm16_KO cells. This result agrees with the aforementioned motif analysis that PRDM16

helps to localize the SMAD complex at specific genomic regions, and it also suggests that

without *Prdm16*, the SMAD factors are partly redirected to neighboring genomic regions.

308   AP1 is the potential co-factor that interacts with relocated SMAD proteins

We intended to find out how SMAD4 and pSMAD1/5/8 relocate to ectopic sites in the absence

of *Prdm16*. By running *de novo* motif discovery (see Methods), we identified a number of

significantly enriched DNA motifs from pSMAD1/5/8 and SMAD4 ChIP-seq peaks in

Prdm16_E and *Prdm16_KO* cells (**Fig. 5D-E**). Interestingly, in addition to the known SMAD

motifs, the only other motif identified in both pSMAD1/5/8 and SMAD4 peaks from

Prdm16_KO cells but not *Prdm16_expressing* cells is the AP1 motif. Furthermore, the AP1

motif is more frequently found in the pSMAD1/5/8 and SMAD4 regions lacking PRDM16

binding than those with PRDM16 binding (Supplementary **Fig. 4E**). The interaction between

the AP-1 complex with the SMAD proteins was reported previously (Zhang et al., 1998). Our

result implies that AP-1 is a potential cofactor for the SMAD proteins in the absence of *Prdm16*.

To validate this finding, we performed ChIP-qPCR with an antibody against c-FOS, one of the

subunits of AP1, on *Prdm16_E* and *KO* cells. Supporting the global analyses, c-FOS is enriched in the Smad4-bound regions at the *Wnt7b* and *Id3* loci in the *Prdm16_KO* condition (**Fig. 5F-G**). There is little c-FOS binding to these regions in cells expressing *Prdm16*, suggesting that there is cooperativity of SMAD and AP-1 which facilitates each other's binding when PRDM16 is absent. Alternatively, PRDM16 may suppress genomic accessibility of these regions for SMAD and AP-1 proteins, a function we reported for PRDM16 in cortical NSCs (He et al., 2021).

Together, our genomic data and validation suggest an enhancer switch model (**Fig. 5H**): PRDM16 assists SMAD protein binding to repressive cis-regulatory elements that are enriched for GTCTAGAC palindromic motifs; loss of PRDM16 results in genomic relocation of SMAD proteins, presumably via the association with coactivators such as AP1; the consequence of SMAD relocation is de-repression of cell proliferation regulators.

SMADs and PRDM16 co-regulated genes in NSCs are repressed in the developing ChP

Next, we intended to examine whether the genes co-regulated by PRDM16 and BMP signaling in the NSC culture are involved in ChP development, an *in vivo* setting where BMP signaling (Hebert et al., 2002) and PRDM16 (**Fig. 1**) restrict NSC proliferation. To address this, we first examined expression of these genes in the developing mouse brain by taking advantage of the published single cell RNA-seq (scRNA-seq) data (La Manno et al., 2021). We selected a number of cell clusters based on marker gene expression from E12.5 mouse brain, including the ChP epithelial cell clusters (*Ttr* positive), CH clusters (BMP4 positive but *Ttr* negative) and a few forebrain-specific radial glia (RG) clusters (Sox2/Hes5 positive) (**Fig. 6A**). Among the 31 genes, six show no expression, and five have weak expression in the examined clusters (**Supplementary Fig. 5A**). The remaining twenty genes display a moderate to high level of expression in at least one cluster. Interestingly, they are generally more lowly expressed in the ChP clusters than the neural clusters (CH and RG ones) (**Fig. 6A**), suggesting that expression of these genes is suppressed in the ChP. To identify which of these genes are directly regulated by PRDM16, we performed CUT&TAG assays using the PRDM16 antibody on dissected dorsal midline tissue that mainly contains CH and the ChP (**Fig 6B** and **Supplementary Fig. 5B**) and identified 3238 common peaks from three biological replicates. We then manually inspected the 31 gene loci for PRDM16 CUT&TAG peaks pairing with the target gene TSS using the browser Embryonic Mouse Brain Epigenome Atlas (Rhodes et al., 2022). This

conformed that most of these genes have at least one PRDM16 binding peak in their promoter-linked enhancers (Text in black, **Fig. 6A** and **Supplementary Fig. 5A**).

Among these genes, *Wnt7b* is of particular interest, because the level of Wnt signaling was shown to be critical for ChP specification (Parichha et al., 2022), and Wnt signaling promotes proliferation of NSCs (Kalani et al., 2008). Although the sequencing coverage looks sparser compared to that from NSC culture, there are two PRDM16 binding peaks identified within the *Wnt7b* region (**Fig 6C**). The intronic peak is unique to the dorsal midline tissue, suggesting that this enhancer may be specifically regulated in the developing ChP. Thus, *Wnt7b* is a potential target of PRDM16 in the developing ChP.

PRDM16 represses *Wnt7b* and Wnt activity in the developing ChP

We sought to determine whether PRDM16 regulates Wnt gene expression in the developing ChP. In addition to *Wnt7b*, there are several other Wnt ligands expressed in the CH and ChP region (Harrison-Uy and Pleasure, 2012). For example, *Wnt3a* is expressed in the dorsal-midline region but not in the forebrain, which explains why it was not identified from the forebrain-derived NSC datasets. Although there is no PRDM16 binding peak within the *Wnt3a* locus in the CUT&TAG data from NSCs, there is a peak in the intronic region of *Wnt3a* in the data from the dorsal midline tissue (**Supplementary Fig.5C**). This suggests that it is also a direct target of PRDM16. We thus examined the scRNA-seq data (La Manno et al., 2021) and confirmed that multiple components in the Wnt and BMP pathways are present in the CH and ChP clusters (**Supplementary Fig.5D**). To systematically measure expression changes of Wnt and BMP signaling components in the *Prdm16* mutant brain, we applied a multiplexed fluorescent *in situ* approach, Single-Cell Resolution in Situ Hybridization On Tissues (SCRINSHOT) (Sountoulidis et al., 2020). In this method each mRNA molecule is hybridized with three gene-specific padlock probes and visualized by florescent dye-conjugated detection probes. A dot of fluorescent signal corresponds to one mRNA molecule, allowing quantitative measurement of gene expression in single cell resolution.

We designed probes for ten Wnt and five BMP pathway components as well as cell-type specific markers (the ChP marker gene *Ttr* and *Foxj1*, the neural progenitor markers *Sox2*, *Hes5* and *Zbtb20,* and the neuronal marker Ngn2) (**Fig. 7**) and conducted SCRINSHOT in three pairs of control and Prdm16 mutant brains.

In the control brain, *Ttr* and Foxj1 are highly expressed in the ChP epithelium at E11.5 and

E12.5, and several Wnt (*Wnt2b*, *Wnt7b*, *Wnt5a*, *Wnt3a*, *Fzd10* and *Axin2*) and BMP

components (*BMP4* and *BMP7*) display certain tissue specificity: the Wnt genes are more

enriched at CH while the BMP genes are more at the ChP. The representative images from

E11.5 samples are presented in **Fig. 7 A-B**. Except *Wnt2b*, the other tested *Wnt* genes also

display low expression in the ChP cells, consistent with the notion that Wnt signaling is present

and required at the ChP (Parichha et al., 2022).

Next, we quantified expression changes of these genes in *Prdm16* mutant CH and ChP cells.

As expression of *Wnt2b* was relatively unchanged in the mutant (**Supplementary Fig. 1** and

Fig. 7A), we used *Wnt2b*-expressing cells to define the CH cells and those expressing *Ttr* to

define ChP cells in the wild-type brain slice. There were about 110 cells in each region of one

brain slice. Because the mutant brain slice showed little *Ttr* signal, we only used the *Wnt2b*-

expressing cells to define the anterior border between CH and neocortex and included 110 cells

under the border for the CH cells, and the further 110 cells for the mutant ChP cells, as shown

in the images with DAPI and cell outlines (**Fig. 7A and 7D**). We then measured the dot count

of each gene in these 220 cells in each sample and summarized the changes calculated from

three pairs of animals in the violin plots (**Fig. 7 C** and **Supplementary Fig. 6A**). Expression of

Ttr and *Foxj1* is severely reduced, while *Sox2*, *Hes5* and *Ngn2* all become upregulated in the

mutant ChP, indicating a fate transformation of ChP epithelial to neural cells. This fully agrees

with our immunostaining and conventional *in situ* results (**Fig. 1** and **Supplementary Fig. 1**).

Similar to BMP4, other BMP components we tested including *BMP7*, *Smad6*, *Smad7 and Nog*

are unchanged, suggesting that PRDM16 is not an upstream regulator of the BMP pathway.

Remarkably, *Wnt3a* and *Wnt7b* are significantly upregulated in the *Prdm16* mutant ChP (**Fig.**

7B-E and **Supplementary Fig. 6A-C**). The Wnt target gene *Axin2* is also upregulated,

indicating that the activity of Wnt signaling is aberrantly elevated in the *Prdm16* mutant ChP.

Thus, the normal function of *Prdm16* represses WNT signaling in the developing ChP.

Levels of Wnt activity correlate with cell proliferation in the developing ChP and CH

As *Prdm16* mutant ChP cells showed elevated Wnt signaling (**Fig. 7 A-C**) and ectopic cell

proliferation (**Fig. 2**), we assessed the relationship between Wnt signaling and cell proliferation

in the ChP and CH at E12.5. We defined cell proliferation state using expression levels of

mKi67 by quantifying the number of dots of *mKi67* SCRINSHOT signal in 110 CH and 110

ChP cells in each wild-type and mutant sample. There is a significant increase of *mKi67* expression in *Prdm16* mutant ChP cells at E12.5 (**Fig. 7F**), accompanied by significantly increased *Wnt3a*, *Wnt7b* and *Axin2* levels (**Fig. 7F** and **Supplementary Fig 6B-C**). In contrast, there is little or no increase of *mKi67* signal in the mutant CH, suggesting that the effect of PRDM16 is mainly cell-autonomous. We then performed linear regression and Pearson correlation analyses to see correlations between ChP markers, BMP and Wnt genes. Interestingly, the level of *Axin2* best correlates the level of m*Ki67*, even better than that with other Wnt genes in both wild-type ($r = 0.46$; $p < 2.2$ E-35) and mutant ($r= 0.56$; $p < 1.6$ E-55) CH and ChP cells (**Fig. 7G** and **Supplementary Fig. 6D**). This result suggests that Wnt activity is responsible for cell proliferation in the CH and ChP region. In line with this finding, it was shown that ectopic Wnt signaling converts ChP cells into proliferative CH neural cells (Parichha et al., 2022).

Similarly, in the 4th ventricle, *Prdm16* deletion caused severe ChP defects (**Fig. 1D** and **Supplementary Fig. 7**). In this region from wild-type brains, *Wnt7b* showed little expression, while *Wnt3a* and *Wnt1* appeared abundant in the two areas flanking the hChP. Interestingly, these two genes and *mKi67* all became ectopically expressed in *Prdm16* mutant ChP cells. Thus, PRDM16 also suppresses Wnt signaling in the hindbrain ChP. Taken together, our results suggest that specification of the ChP epithelium requires a process transitioning proliferating NSCs into quiescence, and that this process is mediated by a suppressive role of PRDM16 on Wnt signaling.

Discussion

In this study we reveal a new molecular mechanism by which BMP signaling induces cell

quiescence and represses gene expression. We find that PRDM16 acts as a tethering factor to

localize the SMAD4/pSMAD1/5/8 complex at specific genomic sites and facilitate the

repressive role of the SMAD proteins. The genes co-repressed by PRDM16 and BMP signaling

include those encoding Wnt pathway ligands and other cell proliferation regulators.

Combinatory activities of morphogens are exploited throughout animal development and tissue

homeostasis. The crosstalk between BMP and WNT signaling is complex as it can be

synergistic or antagonistic (Itasaki and Hoppler, 2010). Surprisingly, both types of effects exist

in the specification of ChP epithelium. Here BMP signaling induces NSC quiescence, as

evidenced by the presence of ectopic proliferating cells at the ChP in *Bmpr1a* mutant mice

(Hebert et al., 2002), while Wnt signaling promotes proliferation since the gain-of-function

condition of beta-Catenin phenocopies *Bmpr1a* mutant animals (Parichha et al., 2022). On the

other hand, adding a low dose of Wnt activator to cell culture medium enhances programing

efficiency of ChP epithelial cells induced by BMP4 (Pellegrini et al., 2020), and loss-of-

function of beta-Catenin resulted in under-developed ChP structure (Parichha et al., 2022),

suggesting that BMP and WNT signaling collaborate to promote ChP epithelial cell

differentiation. Our work demonstrated that PRDM16 ensures the right balance of BMP and

Wnt activity by maintaining a low level of Wnt gene expression in the developing ChP.

PRDM16 was shown to physically interact with SMAD3 in *in vitro* assays (Warner et al., 2007)

and antagonize TGF-β induced cell cycle arrest (Takahata et al., 2009). However, we failed to

detect a stable PRDM16/SMAD4/pSMAD1/5/8 complex in co-immunoprecipitation

experiments (data not shown). Instead, we found that PRDM16 and SMAD4 bind to the same

DNA molecule in the sequential ChIP assay, suggesting that the cooperative activity of SMAD4

and PRDM16 occurs at their co-bound *cis* regulatory loci. We further identified the intrinsic

difference of the DNA sequences bound by SMADs when associated with PRDM16 compared

to those without PRDM16, with SMADs preferentially binding to the palindromic motif in the

presence of PRDM16 and to the classic GC-rich SBE motifs in the absence of PRDM16. This

provides a mechanistic insight into how SMADs switch its regulatory activity from repressing

to activating gene expression. In contrast to the previous report indicating that PRDM16

antagonized the anti-proliferation activity of TGF-β and SMAD3, we show here that PRDM16

collaborates SMAD4 and pSMAD1/5/8 to suppress proliferation genes, which is consistent

with the quiescence-inducing function of BMP signaling. Moreover, while it was reported that

PRDM16 promotes Wnt signaling by stabilizing nuclear beta-Catenin in the craniofacial tissue

(Shull et al., 2022), we detected the opposite outcome in the ChP and cultured NSCs, with

ectopic WNT gene expression in the absence of *Prdm16*, suggesting that PRDM16 represses

Wnt genes in these contexts. Notably, PRDM16, Wnt and BMP co-exist in various

developmental settings, such as craniofacial development (Bjork et al., 2010; Nie et al., 2006;

Shull et al., 2022), heart formation (Arndt et al., 2013; Gessert and Kuhl, 2010; van Wijk et al.,

2007), limb patterning (Bjork et al., 2010; Geetha-Loganathan et al., 2008; Robert, 2007), adult

intestinal stem cells (He et al., 2004; Korinek et al., 1998; Stine et al., 2019) *etc*. We speculate

a similar regulatory circuit is used in some, if not all, of these settings.

ChPe epithelial cells derive from proliferating NSCs, without intermediate fate-commitment

steps. This property endows ChP cells with higher plasticity and makes them more vulnerable

to abnormal genetic and cellular change, to which high occurrence frequency of ChP tumors in

fetuses and young children may be attributed (Wolff et al., 2002). As an essential brain structure,

the ChP releases cerebrospinal fluid (CSF) and acts as a brain-blood barrier (Johansson, 2014;

Lehtinen et al., 2013; Lun et al., 2015). Its dysfunction has been linked with several types of

human diseases including hydrocephalus, Alzheimer's disease, multiple sclerosis (Lun et al.,

2015). Deepening our knowledge on the development of ChP will provide new insights into

potential therapeutics to prevent or treat ChP tumors and other ChP-related diseases.

Footnote: a study on the antagonism between PRDM16 and SMAD4 was published on Feb 24,

2023 (Hurwitz, 2023) after we posted our manuscript at BioRxiv and during our submission

process.

Materials and methods

Animals

All animal procedures were approved by Swedish agriculture board (Jordbruks Verket) with document number Dnr 11553-2017 and 11766-2022. The *Prdm16*^{cGT} mice (Strassman et al., 2017) were maintained by outcrossing with the FVB/NJ line.

In situ hybridization:

To make probes for conventional RNA in situ hybridization, genomic regions covering one exon or full-length cDNA were PCR amplified to generate fragments with restriction enzyme overhangs. The sequences of all oligos were included in Supplementary table 1. The fragments were inserted to the pBluescript SK(II) vector. In vitro transcription was performed as previously described (He et al., 2021). The mouse brains at defined ages were dissected and fixed for 12 hours in 4% PFA, dehydrated in 25% sucrose, cryoprotected and embedded in O.C.T. The brain samples were then sectioned at 18 μm thickness on Leica cryostats CM3050s. RNA *in situ* hybridization was performed using digoxigenin-labeled riboprobes as described previously. Detailed protocols are available upon request. Images were taken using a Leica DMLB microscope.

Immunostaining

Immunostaining was done according to standard protocols as previously used (Dai et al., 2013a). For EdU labeling, EdU (5-ethynyl-2′-deoxyuridine) (5-20 μg/g of body weight) was injected into the peritoneal cavity of pregnant mice. EdU incorporation was detected with the Click-iT assay (Invitrogen) according to the manufacturer's instructions. Imaging was done on Zeiss confocal microscope. ZEN (ZeissLSM800), ImageJ (NIH) and Photoshop (Adobe) were used for analysis and quantification.

NSC culture

Control and mutant embryonic cortices from E13.5 animals were dissected and dissociated into single cell suspension and digested with Acutase (Sigma). Cells were maintained in proliferation media (STEMCELL Technologies). Lentivirus expressing Flag-Prdm16 and a puromycin resistant gene in the pCDH vector was produced in 293-ft cells and used to infect a

wild-type NSC line derived from E13.5 forebrain, and the selected NSCs were maintained in

puromycin-containing medium for three passages before puromycin withdrawal.

RT-qPCR

Prdm16_Expressing, wild-type and mutant NSCs were cultured and treated with or without

BMP4 (Sigma). After 48-hour treatment, total RNAs were extracted using TRIzol reagent

(Invitrogen). Total RNA was further cleaned with Turbo DNase (Ambion) and used in reverse-

transcription with RT master mix (ThermoFisher). To ensure the absence of genomic DNA,

control qPCR was performed on the mock-reverse-transcribed RNA samples. The list of qPCR

primers is included in supplementary table 1.

SCRINSHOT

Brain sections were prepared in the same way as for regular *in situ* hybridization (described

above). The SCRINSHOT experiments were carried out according to the published method

(Sountoulidis et al., 2020). In brief, 3 padlock probes and 3 corresponding detection probes

were designed for each gene of interest. The slides with cryo-sectioned brain slices were

pretreated at 45˚C to reduce moisture and fixed in 4% PFA in 1X PBS, followed by washing in

PBS Tween-20 0.05% twice. Permeabilization of tissues were done by washing slides in 0.1M

HCl for 2mins 15s, followed by washing in PBS Tween-20 0.05% twice. Then a stepwise

dehydration was performed for the slides in 70%, 85% & 100% Ethanol and air. The SecureSeal

hybridization chamber (GRACE BIO-LABS, 621501) was then mounted to cover each pair of

control and *Prdm16* mutant brain slices. Samples were then blocked in a probe-free

hybridization reaction mixture of 1XAmplifase buffer (Lucigen, A1905B), 0.05M KCl, 20%

Formamide deionized (Millipore S4117), 0.1uM Oligo-dT, 0.1ug/ul BSA (New England

Biolabs, B9000S), 1U/ul RiboLock (Thermo, EO0384), and 0.2ug/ul tRNAs (Ambion,

AM7119). Then hybridization of padlock probes was done by incubating samples with padlock

probes (with the concentration of each one 0.01uM) mixed in blocking reagents used before

(no oligo dT used in this step). The slide was then put into a PCR machine to denature at 55˚C

for 15 minutes and hybridize at 45˚C for 120 minutes. Padlock probes were then ligated by

using SplintR ligase (NEB M0375) at 25˚C for 16 hours followed by RCA (rolling cycle

amplification) at 30˚C for 16 hours by using phi29 polymerase (Lucigen, 30221–2) and RCA

primer1. Then a fixation step was applied to stabilize RCA product in 4% PFA for 15 minutes

followed by washing in PBS Tween-20 0.05%. Then the hybridization of the first 3 genes was

done by mixing all 3 3' fluorophore-conjugated detection probes of each gene in reaction reagent (2XSSC, 20% Formamide deionized, 0.1ug/ul BSA, and 0.5 ng/µl DAPI (Biolegend, 422801) followed by hybridization at 30˚C for 1 hour. The slides were washed in 20% formamide in 2X SSC and then in 6X SSC, followed by dehydration in 70%, 85%, 100% Ethanol until the chamber was removed. Then the samples were preserved in SlowFade Gold Antifade mountnant (Thermo, S36936) and kept in dark before imaging. After image acquisition, the first 3 detection probes were removed by using Uracil-DNA Glycosylase (Thermo, EN0362), and the slides were ready for the next round of detection probe hybridization. The procedure was repeated until all genes were hybridized and imaged.

Images were acquired with Zeiss Axio Observer 7 fluorescent microscope with an automated stage setting to fix imaging region for different hybridization rounds. Image analysis was done according to the published method (Sountoulidis et al., 2020). In brief, the DAPI channel from each round was extracted to measure the shift of imaging. The images were then aligned for all gene channels in Zen by Creating Image Subset with the shifting value. After alignment, images were exported into TIFF files and the threshold analysis was carried out for individual channel one by one in CellProfiler with scripts provided by the published method (Alexandros et al. 2020). Then nuclear segmentation was done manually in Fiji ROI manager to obtain nuclear ROIs, followed by an expansion of 2 um in CellProfiler to obtain cell ROIs. Then signal dots were count in these cell ROIs for each gene in CellProfiler and Fiji. Summary of the dot counts for each gene was exported to Excel files.

CUT&TAG

CUT&TAG was performed according to the published method (Kaya-Okur et al., 2019). In brief, *Prdm16*_E and *Prdm16* mutant NSCs were cultured in NeuroCult™ Proliferation Kit (Stem cell technologies, 05702) for 3 days with or without BMP4 at concentration of 25ng/ml medium (Sigma, H4916). Cells on day 3 were then shortly rinsed with 1X PBS and resuspended in 1ml cold NE1 buffer on ice. Nuclei were lightly fixed with 0.1% formaldehyde to 1ml PBS at RT for 2 minutes and neutralized with 75mM Glycine. Nuclei were then washed for 3 times, resuspended in 1mL wash buffer and mixed with 90uL Concanavalin A-coated magnetic beads (Polyscience 86057). The nuclei/beads mix was then blocked with 800 uL cold Antibody buffer for 5 minutes and resuspended in 1.2 mL Antibody buffer and aliquoted into 8 tubes with 150 uL each. 2 uL Anti-PRDM16 (Generous gift from Bryan Bjork lab) or IgG (SIGMA-ALDRICH, I5006) was added into each tube for an overnight incubation at 4°C. The beads/nuclei/antibody

mix was then washed with Dig-wash buffer and incubated with secondary antibody (1:100

dilution) for 1 hour. After further washes with the Dig-wash buffer. a pA-Tn5 adaptor complex

in Dig-300 buffer was added to the beads for 1 hour reaction. The beads were then washed with

Dig-300 buffer before the incubation with 300ul Tagmentation buffer at 37°C for 1 hour. Then

10ul 0.5M EDTA, 3uL 10% SDS and 2.5uL 20 mg/mL proteinase K (Invitrogen) were used to

stop the reaction. Then the resultant DNA was purified with DNA clean & Concentrator kit

(ZYMO Research D4013) and eluted in 25uL Elution buffer. To generate libraries, 21uL

fragment DNA was mixed with 2uL 10uM Universal i5 primer, 2uL 10uM uniquely barcoded

i7 primer and 25uL PCR master mix (NEB Phusion® High-Fidelity PCR Master Mix with HF

Buffer, M0531). The PCR condition was as follows: 72°C 5min, 98°C 30s, repeat 12 times

(98°C 10s, 63°C 10s), 72°C 1 min and hold 4°C. The libraries were cleaned with standard

Ampure XP beads as previously described. Libraries from four biological replicates were

produced for each condition.

ChIP

ChIP was performed as previously described (Dai et al., 2013b). For each ChIP reaction, 10

million Prdm16_E, Prdm16_KO NSCs with or without 3-day BMP4 treatment were fixed,

lysed and made into chromatin extract. 2ug SMAD4 (Proteintech, 10231-1-AP), 2ug

pSMAD1/5/8 (Millipore, AB3848-1), 2ug SMAD3 (abcam, ab227223) and 2 ug c-FOS

antibodies (Invitrogen, MA5-15055) were used in each ChIP reaction. The same chromatin

lysate was used for sequential ChIP but with more antibodies in each reaction: 5 ug of IgG or

the PRDM16 antibody in the first round of immunoprecipitation. The elutes were then

precleared again using gamma-bind G beads, divided into two equal halves and

immunoprecipitated with 2 ug of IgG or the SMAD4 antibody. The precipitated DNA was

reverse cross-linked, and then purified using the Qiagen PCR purification kit.

Computation analyses

ChIP-seq libraries and analyses. 0.2% input and ChIPed DNA were made into libraries using

the NEBNext Ultra™ II DNA Library Prep Kit and sequenced on the Illumina Nextseq500

platform. Three replicates of ChIP-seq samples, after the adaptor trimming by Trimmomatic,

were mapped to the UCSC *Mus musculus* (mm10) genome assembly using Bowtie2 with the

default parameters. The uniquely mapped reads (with mapping quality >= 20) were used for

further analyses. The peaks were called by HOMER (v4.10) (Heinz et al., 2010). The

reproducibility between replicates was estimated by Irreproducibility Discovery Rate (IDR), using the HOMER IDR pipeline (https://github.com/karmel/homer-idr). As suggested by the Encode IDR guideline, we used a relatively relaxed parameter "-F 2 -fdr 0.3 -P .1 -L 3 -LP .1" for the true/pseudo/pooled replicates by the HOMER peak calling. The final confident peaks were determined by an IDR < 5%. The peaks that were overlapped with mm10 blacklist were also removed.

CUT&TAG analyses. The CUT&TAG samples of Prdm16_E and Prdm16 mutant NSCs in four replicates, and of Prdm16 from CH and ChP area at stage 12.5 embryos in three replicates, were mapped to mm10 genome assembly using Bowtie2 (bowtie2 --end-to-end --very-sensitive --no-mixed --no-discordant --phred33 -I 10 -X 700). The CUT&TAG coverage for these samples were generated by bedtools genomeCoverageBed and normalized to the library depths to give a read per million per base (RPM). By using the peak caller SEACR (Meers et al., 2019), which was designed for calling peaks from sparse chromatin profiling data such as CUT&TAG [22], we performed peak calling with FDR < 10% for each replicated sample (SEACR_1.3.sh normalized_coverage 0.1 non stringent output_peaks). To identify confident peaks, we selected the common peaks, which were called from all replicates for each condition. Peak overlapping analysis was performed by Homer mergePeaks function with default parameters. *De novo* motif discovery from SMAD4 and pSMAD1/5/8 peaks in Prdm16_E NSCs and Prdm16 mutant NSCs were performed by MEME-ChIP software (Machanick and Bailey, 2011) (parameters: -ccut 100 -meme-p 5 -dna -meme-mod anr -minw 5 -maxw 15 -filter-thresh 0.05).

The CUT&TAG samples of H3K4me3 BMP4-treated and non-treated Prdm16_E and Prdm16_KO cells in 2 or 3 replicates were mapped to mm10 genome assembly using Bowtie2 (bowtie2 --end-to-end --very-sensitive --no-mixed --no-discordant --phred33 -I 10 -X 700). Differential analysis of TSS up-stream and down-stream 500 bp between Prdm16_E BMP-treated vs non-BMP-treated and Prdm16_KO vs Prdm16_E BMP-treated were performed by Limma R package (Ritchie et al., 2015). Gene Ontology (GO) enrichment analysis of up-regulated and down-regulated regions was performed by PANTHER (Thomas et al., 2022).

scRNA-seq analyses. The scRNA-seq data of the developing mouse brain were obtained from (La Manno et al., 2021). The counts per cell were normalized by logNormCounts function in Bioconductor package "scater" and the normalized expression data per cell were used to generate gene expression violin plots. To test whether Prdm16 target gene sets of Prdm16 with and without BMP4 and ChP E12.5 are significantly enriched among the scRNA-seq gene mean

expression in each identified cell type cluster, the gene set enrichment analysis (GESA) "fgesa" Bioconductor package was used [ref: Korotkevich G. et al. Fast gene set enrichment analysis. bioRxiv, 2021. http://biorxiv.org/content/early/2016/06/20/060012].

Acknowledgements

We thank the animal experimental core facility and the imaging facility of Stockholm University and Bioinformatics and Expression analysis core facility at Karolinska Institute, Sweden, for their service and support. We thank Christos Samakovlis and his lab members for technical help on SCRINSHOT experiments. We also appreciate technical help from Adrian Martinez Martin, financial support by the Australian Research Council (ARC) Future Fellowship (FT160100143) and ANU Future Scheme to J. W. The project was supported by the research project grant from Swedish Research Council (Vetenskapsrådet, 2020-03543) and the research grants from Swedish Cancerfonden (CAN 2017/529 and 20 1046 PjF 01 H) to Q.D.

Author contributions

Q.D. conceived and designed the project. L.H. performed all of the experiments. J.W performed all computational analysis. Q.D., J.W. and L.H. analysed and interpreted the data. Q.D. wrote the manuscript with input from L.H. and J.W.

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 Figure legend

 Figure 1. Prdm16 mutant ChP cells fail to exit cell cycle and are still neural progenitors

(**A**) RNA *in situ* hybridization with a *Prdm16* probe, showing expression of *Prdm16* in the
E10.5 and E12.5 brains. The line and bracket indicate the developing ChP. (**B**) Staining of
PRDM16 using a PRDM16 antibody on the E13.5 control and null mutant brains. Red:
PRDM16; blue: the nucleus dye DAPI. White arrows indicate the ChP in the control. (**C-D**)
RNA in situ hybridization using a *Ttr* probe on E12.5 control and *Prdm16* null mutant brains.
Brain sections with tChP and hChP areas are shown separately. (**E**) Two-hour EdU labeling in
the E12.5 control and homozygous brains. The brain sections are co-stained with an antibody
against B-gal. Note: the lacZ gene trap is present in the heterozygous and homozygous mutants
but not in wild-type animals, and the highest expression of B-Gal is seen at the ChP indicated
by brackets. Red: B-Gal; blue: the nucleus dye DAPI; green: EdU. (**F**) DCX antibody staining
on the E12.5 control and homozygous brain slices. White arrows indicate some of the DCX
positive cells. Quantification of EdU+ (**E**) or DCX+ (**F**) cells is shown on the right. Biological
replicates: N=3. Error bars represent standard deviation (SD). Statistical significance is
calculated using unpaired t-test. ***, $p < 0.001$.

Figure 2. Prdm16 is required for BMP4-induced NSC quiescence

(**A**) Illustration of the NSC culture assay. (**B**) Immunostaining of mKI67 in red and SOX2 in
green and EdU labeling in blue on indicated NSC genotypes and treatment. (**C**) Quantification
of the fraction of mKI67+ or EdU+ cells among the total cell number marked by SOX2. (**D**)
RT-qPCR measurement of *mKi67* RNA levels relative to 18S RNAs. Biological replicates: N=3.
(**E**) Quantification of *Ttr* expression in indicated cell types upon BMP4 treatment. RT-qPCR
values of Ttr is first normalized to 18S RNAs and then to that of the wild-type control cells.
Error bars represent standard deviation (SD). Statistical significance is calculated using
unpaired t-test. ***, $p < 0.001$; **, $p < 001$; *, $p < 0.05$; n.s., non-significant.

Figure 3. BMP signaling represses cell proliferation genes to induce cell quiescence

(**A**) Heatmaps of ChIP-seq coverage (normalized by library depths and input) centered at peak
summits for SMAD4, pSMAD1/5/8 and SMAD3 in *Prdm16_E* cells with or without BMP4.

(**B**) A volcano plot of differential H3K4me3 read counts at TSS in *Prdm16_E* cells with BMP4
versus those with no BMP4. Significant changes ($P < 0.01$) are colored. (**C**) A bubble plot
showing GO terms significantly enriched in SMAD-repressed genes (labelled in dark green in
B). (**D**) A volcano plot of differential H3K4me3 read counts at TSS in *Prdm16_KO* cells with
BMP4 versus *Prdm16_E* cells with BMP4. Significant changes ($P < 0.01$) are colored. (**E**) A
heatmap of H3K4me3 normalized read counts at TSS of the 31 genes co-repressed by PRDM16
and SMADs (overlapping genes from those in dark green in B and those in dark pink in D). (**F**)
RT-qPCR measurement of *Wnt7b* mRNA levels in indicated genotypes and conditions from
three biological replicates, each with two technical replicates. Statistical significance was
calculated using unpaired t-test (***, p<0.001; **, p< 0.01; *, p<0.05; n.s., non-significant).
(**G**) Genome browser snapshots showing the H3K4me4 CUT&TAG tracks in the *Wnt7b* and
Cdkn1a loci.

Figure 4. PRDM16 anchors the SMAD proteins at specific genomic regions to mediate
repression

(**A**) A Venn diagram showing the overlap of CUT&TAG peak in BMP4-treated and non-treated
Prdm16_E cells. (**B**) The mean coverages (normalized by library depths) centered at peak
summits are shown for the PRDM16 CUT&TAG signal in BMP4-treated and non-treated
Prdm16_E cells and Prdm16_KO mutant samples (4 replicates combined). (**C**) Metaplots of
SMAD4 and pSMAD1/5/8 ChIP-seq coverage centered at SMAD or pSMAD peak summits
that have PRDM16 co-binding (top) and those without PRDM16 co-binding (bottom) in BMP4
treated *Prdm16_E* and *Prdm16_KO* cells. The average coverage is plotted in the bar plots on
the right. Only the peaks with PRDM16 co-binding show significant reduction in the KO cells
(*** P<0.001; ** P<0.01; * P<0.05; n.a. P>0.05). (**D-E**) Genome browser view of the *Wnt7b*
and *Id1* loci, showing PRDM16 CUT&TAG and SMAD ChIP-seq tracks. The co-bound
regions are highlighted. (**F-G**) ChIP-qPCR validation of SMAD4 binding to the highlighted
regions in D-E from *Prdm16_E* and *Prdm16_KO* cells with two replicates. (**H**) The occurrence
frequency of four types of SMAD motifs is shown in five binned SMAD ChP-seq peaks scored
from low to high. The palindromic motif GTCTAGAC shows the highest occurrence frequency
in peaks with PRDM16 co-binding (solid red) and is the only one that has reduced occurrence
frequency in peaks without PRDM16 co-binding (dashed red).

Figure 5. The SMAD complex switches genome localization in the absence of Prdm16

(**A-B**) Genome browser snapshots of the *Id3* (top) and *Wnt7b* (bottom) gene loci, showing

ectopic SMAD peaks, indicated by the arrows. (**C**) The volcano plots showing differential

SMAD4 and pSMAD1/5/8 ChIP-seq read counts in BMP4-treated *Prdm16_KO* cells compared

to BMP4-treated *Prdm16_E* cells. The sites in blue are co-bound by PRDM16, while the sites

in red are not bound by PRDM16 but within the 200kb of a PRDM16-cobound site. The average

log2 fold-change is plotted on the right. (**D-E**) *De novo* motif discovery from SMAD4 and

pSMAD1/5/8 ChIP-seq peaks in *Prdm16_E* cells (**D**) and *Prdm16_KO* cells (**E**). (**F-G**) ChIP-

qPCR validation of increased SMAD4 and c-FOS occupancy at the highlighted ectopic sites in

Prdm16_KO mutant cells versus *Prdm16_E* cells. The locations of PCR amplicons are shown

in A and B. (**H**) An enhancer switch model demonstrating that SMADs change co-factors and

become into a transcriptional activator in the absence of PRDM16.

Figure 6. PRDM16 and SMADs co-regulated genes are differentially expressed in the ChP and

neural cells

(**A**) An illustration of the CH and ChP regions with opposite Wnt and BMP gradients and a

violin plot of scRNA-seq gene expression at E12.5 for the indicated genes in several selected

cell type clusters reanalyzed from (La Manno et al., 2021). Definition of the clusters is based

on marker gene expression from E9.5-E18.5 brain cells. These include the choroid plexus

clusters 1-5 (Chpl), with cluster Chpl5 identified by this study based on *Ttr* expression, Radial

glia clusters (RglCH 1-3, RglDF 6-10, and RglF7). CH: cortical hem; DF: dorsal forebrain; F:

forebrain. Per cell expression was normalized to give a log2 normalized counts. (**B**) Metaplots

and heatmaps of PRDM16 and IgG CUT&TAG coverage (normalized by library depths)

centered at peak summits from E12.5 dorsal midline tissues. (**C**) A genome browser snapshot

of the *Wnt7b* locus, showing PRDM16 CUT&TAG and SMADs ChIP-seq tracks.

Figure 7. PRDM16 suppresses Wnt signaling and cell proliferation in the ChP epithelial cells

(**A**) SCRINSHOT images of E11.5 wild-type and *Prdm16* mutant brains, with *BMP4*, *Ttr*,

Wnt7b and *Wnt2b* probes. Note: The red arrows indicate a strong unspecific signal in all

channels due to autofluorescence of blood cells. The cells selected for quantification are shown

together with the DAPI channel. (**B**) Enlarged views of SCRINSHOT images at the area

indicated in A, showing an increase of Wnt and neural gene expression levels and decrease of

Ttr and *Prdm16*. (**C**) A violin plot with the dot counts measuring expression levels of the 24

genes examined. Each gene is measured in 330 CH and 330 ChP cells from three wild-type and

three Prdm16 mutant samples. (**D**) SCRINSHOT images for E12.5 wild-type and Prdm16 mutant brains, with Axin2, Ttr, Wnt 7b, Wnt2b and mKi67 probes. (**E**) Enlarged views of the areas indicated in the dash-lined rectangles in D. The ChP parts are highlighted by dashed lines. (**F**) Distribution of dot counts for indicated genes in the wild-type (*wt*) and *Prdm16* mutant (*mut*) CH and ChP areas. The X-axis shows the 110 cells in each replicate, and the Y-axis shows the mean value of the number of counts in three biological replicates. P value was calculated using area under the ROC curve in Prism Graphpad. (**G**) Multi-variant linear regression of *mKi67*, *Axin2* and *Ttr* using the dot counts for each gene in three pairs of wild-type and *Prdm16* mutant samples. All 660 cells including both CH and ChP tissues in each genotype are included. Pearson correlation and statistical difference were calculated in Prism Graphpad. (H) Illustration of the regulatory circuit, which is required for transitioning proliferative NSCs to quiescent NSCs, a prerequisite for the specification of ChP epithelial cells.