

1 **Expression profiling reveals novel role of Hunchback in retinal glia cell**  
2 **development and blood-brain barrier integrity**

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17 **Abbreviations:** after egg laying (AEL), first larval stage (L1), 2nd larval stage (L2), third larval  
18 stage (L3), Hunchback (Hb), morphogenetic furrow (MF)

19

## 20 **Abstract**

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

## 32 **Keywords:**

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

36

## 37 Introduction

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

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

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

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

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

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

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

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



## 140 **Results**

### 141 **Differential gene expression and co-expressed genes during *D. melanogaster* head** 142 **development**

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

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

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

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

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

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

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

#### 199 **Transcription factors regulating *D. melanogaster* head development**

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

208 One of the most noticeable results of the statistical ranking analysis was that genes in 9 of the 13  
209 clusters showed significant enrichment for Nejire binding sites (Figure 1). Nejire (also known as  
210 CREB-binding protein (CBP)) is a co-factor already known to be involved in many processes of  
211 eye development and patterning (Justin P Kumar et al. 2004). Similarly, Pannier that has been  
212 shown to play at least two important roles during eye-antennal disc development (Singh et al.

213 2005; Singh and Choi 2003; Oros et al. 2010) was found enriched to regulate the genes of many  
214 clusters (clusters 2, 4, 6, 7, 8, 9 and 11).

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

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

233 The identification of many well-known transcription factors suggests that the applied clustering  
234 approach indeed allows identifying key regulators of various processes taking place throughout  
235 eye-antennal disc development. Interestingly, we identified a few generally well-known upstream  
236 factors for which a potential role during eye-antennal disc development has not yet been  
237 described. For instance, in clusters of very early expressed genes, we found an enrichment of

238 motifs for the transcription factor Caudal (Cad) (cluster 1 and 2) and the Hox protein Fushi tarazu  
239 (Ftz) (cluster 1). The MADS-box transcription factor Myocyte enhancer factor 2 (Dmef2) was  
240 predicted to regulate genes found in clusters 2, 4 and 12 (Figure 1). Using two independent  
241 *Dmef2*-Gal4 lines to drive GFP expression, we confirmed expression of *Dmef2* in lose cells  
242 attached to the developing eye-antennal discs (Figure S2). Eventually, we found an enrichment  
243 of potential target genes of the C2H2 zinc-finger transcription factor Hunchback (Hb) in clusters  
244 12 and 13, which are active mainly during mid and late L3 stages. Since GO terms enriched in  
245 these two clusters suggested an involvement in retinal development or neurogenesis (Figure 1),  
246 we examined a potential function of Hb in the eye-antennal disc in more detail.

#### 247 ***hb* is expressed in retinal subperineurial glia cells**

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

262 2008) (Figure S4). Based on these findings, we are confident that the regions covered by the two  
263 Gal4 driver lines (VT038544 and VT038545) recapitulate native *hb* expression.

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

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

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

## 282 **Hb function is necessary for the presence of polyploid carpet cells in the** 283 **eye-antennal disc**

284 The expression of *hb* in carpet cells suggested an involvement in their development. To test this  
285 hypothesis, we examined loss of Hb function phenotypes based on RNA interference (RNAi)

286 driven specifically in subperineurial glia cells (*moody*-Gal4 driving UAS-*hb*<sup>dsRNA</sup>). Of four tested  
287 UAS-*hb*<sup>dsRNA</sup> lines we used the most efficient line (see Materials and Methods) for the RNAi knock-  
288 down experiments. Additionally, we investigated eye-antennal discs of a temperature sensitive  
289 mutant (Hb<sup>TS</sup>) (Bender, Turner, and Kaufman 1987). Since Hb is necessary during embryogenesis  
290 (Nüsslein-Volhard and Wieschaus 1980; Lehmann and Nüsslein-Volhard 1987), the analyzed flies  
291 were kept at 18°C during egg collection and throughout embryonic development, and they were  
292 only transferred to the restrictive temperature of 28°C at the L1 stage. Carpet cell nuclei were  
293 identified by  $\alpha$ -Repo staining because of their large size and their specific position (Figure 5A; see  
294 also Figure 4B' and 4C').

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

305 To identify larval stages at which Hb function is crucial for carpet cell development, we transferred  
306 Hb<sup>TS</sup> flies to the restrictive temperature of 28°C at 24h AEL (early L1 stage), at 48h AEL (late L1),  
307 at 72h AEL (late L2) or 96h AEL (mid L3 stage) and assessed the presence of polyploid Repo-  
308 positive carpet cell nuclei in late L3 eye-antennal discs, respectively. In all cases, we found a  
309 significant reduction of the number of carpet cell nuclei when compared to control discs (Figure  
310 5E). Although no clear significant differences in the number of carpet cells was detected between

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

### 313 **Loss of Hb function affects retinal glia cell migration and axon guidance**

314 The observed loss of polyploid carpet cell nuclei could be a result of either the loss of the entire  
315 carpet cells, incomplete migration into the eye-antennal disc or loss of the polyploidy. To  
316 distinguish between these options, we tested whether also the carpet cell membranes were  
317 affected upon loss of *hb* expression, in addition to the polyploid nuclei. To this aim, we expressed  
318 *hb<sub>dsRNA</sub>* specifically in subperineurial glia cells with a *moody*-Gal4 driver line together with a strong  
319 membrane marker (20xUAS-mCD8::GFP) to label the extensive carpet cell membranes (Figure  
320 6).

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

331 It has been shown that the extensive cell bodies of carpet cells provide a scaffold for other retinal  
332 glia cells that migrate into the eye-antennal disc, pick up differentiating photoreceptor axons and  
333 guide them through the optic stalk into the optic lobe (Choi and Benzer 1994; R Rangarajan, Gong,  
334 and Gaul 1999). In accordance with this known function, we observed irregular and patchy

335 patterns of Repo-positive cells in late L3 Hb loss of function eye-antennal discs, suggesting  
336 impaired glia cell migration into the eye-antennal disc (compare Figure S6B to S6A). Additionally,  
337 we used HRP staining to visualize axon projections in late L3 eye-antennal discs. While axonal  
338 tracts were regular in control eye-antennal discs, we found unorganized axon projections upon  
339 loss of *hb* expression (compare Figure S6B' to S6A').

#### 340 **Loss of Hb function results in blood-brain barrier defects**

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

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

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

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

### 364 **Expression of putative Hb target genes in eye-antennal discs**

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

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

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

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



## 410 Discussion

### 411 Expression dynamics and clustering recapitulates developmental processes

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

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

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

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

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

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

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

482 Although, we dissected and sequenced full eye-antennal discs and this tissue contributes to the  
483 formation of various organs, the GO enrichment analysis predominantly revealed terms related to

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

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

#### 500 **Identification of central transcription factors involved in eye-antennal disc development**

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

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

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

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

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

#### 549 **Identification of potential novel regulators of eye-antennal disc development**

550 The identification of transcription factors with already well-described central roles during eye-  
551 antennal disc development suggests that also new important transcriptional regulators can be  
552 identified. For instance, the transcription factor Caudal was found to putatively regulate many  
553 genes in the first two clusters of very early expressed genes (Figure 1, cluster 1 and 2). It has  
554 been described that Caudal is a downstream core promoter activator (Juven-Gershon, Hsu, and  
555 Kadonaga 2008) and very recently it has been found that it cooperates with Nejire to promote the  
556 expression of the homeobox gene *fushi tarazu (ftz)* (Shir-Shapira et al. 2015). Since Ftz was also  
557 found enriched to regulate genes in a cluster of early expressed genes (cluster 1), our results  
558 suggest that these three factors could also be acting together during early *D. melanogaster* eye-

559 antennal disc development. Additionally, a Caudal-like transcription factor binding motif has been  
560 identified within Sine oculis (So) bound DNA fragments as identified by ChIP-seq (Jusiak et al.  
561 2014), suggesting that So and Cad may co-regulate potential target genes in the eye-antennal  
562 disc.

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

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

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

#### 596 **A new role of Hb in retinal glia development and blood-brain barrier formation**

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

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

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

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

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

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

648 Since subperineurial glia cells of the brain contribute to the blood-brain barrier (Bainton et al. 2005;  
649 Schwabe et al. 2005), we also tested if the loss of Hb function may interfere with blood-brain  
650 barrier formation. Indeed, the loss of *hb* expression affected the integrity of the blood-eye barrier,  
651 a subset of the blood-brain barrier (Figure 7). This phenotype was not as striking as previously  
652 published for *moody* mutant flies (Bainton et al. 2005), where all surface glia cells were affected,  
653 suggesting that the carpet cells may indeed only contribute to the retinal part of the blood-brain  
654 barrier (i.e. the blood-eye barrier). Intriguingly, the largest portion of the blood-brain barrier is  
655 already established by the end of embryogenesis (Beckervordersandforth et al. 2008; von Hilchen  
656 et al. 2013), while the eye-antennal disc and developing photoreceptors seem to be accessible for  
657 the hemolymph during larval and very early pupal stages. Indeed, the final closure of the blood-  
658 brain barrier in the region where the optic stalk contacts the brain (i.e. the blood-eye barrier) is

659 only established late during pupal development (Carlson, Hilgers, and Garment 1998; Carlson et  
660 al. 2000). The rather late formation of the blood-eye barrier may be related to the dual role of  
661 carpet cells, which first migrate into the eye-antennal disc and only during pupal stages migrate  
662 back into the optic stalk towards the brain lobes. By mid-pupa stages they are located at the base  
663 of the brain lamina (T. N. Edwards et al. 2012), where they remain throughout adult life and form  
664 septate junctions that isolate the brain and retina from the hemolymph (Carlson et al. 2000).

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

### 678 **The molecular role of Hb during carpet cell development**

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

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

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

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

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

### 721 **Implication on the origin and nature of carpet cells**

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

735 mutant flies were transferred to the restrictive temperature during the L1 larval stage, further  
736 supports an involvement of Hb during this stage (Figure 5 and S5)

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

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

## 752 **Conclusions**

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

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

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

774

## 775 **Materials and methods**

### 776 **RNA extraction and sequencing**

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

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

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

## 799 **BIOINFORMATICS ANALYSES**

### 800 **Quality control**

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

### 808 **Read mapping**

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

### 815 **Gene expression clustering**

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

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

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

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

841 The Gene Ontology terms enriched in each cluster of genes were obtained with the plugin BiNGO  
842 (Maere, Heymans, and Kuiper 2005) in Cytoscape v3.1.1 (Cline et al. 2007) with default  
843 parameters. The ontology terms and corresponding *D. melanogaster* annotations were  
844 downloaded from geneontology.org (Ashburner et al. 2000; Consortium 2015) (as of January  
845 2015).

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

## 850 **Identification of Hb target genes**

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

869

## 870 **EXPERIMENTAL PROCEDURES**

### 871 **Fly lines and crosses**

872 The following fly lines were used: UAS-*hb*<sub>dsRNA</sub> (Bloomington Stock Center #54478, #29630 and  
873 #34704 and Vienna Drosophila Research Center #107740), *hb*-Gal4 (Vienna Tile library (Pfeiffer  
874 et al. 2008) VT038544 and VT038545), UAS-*hb* (Bloomington Stock Center #8503), *repo*-  
875 Gal4/TM6B (kindly provided by Marion Sillies), *moody*-Gal4 ((Schwabe et al. 2005) kindly provided  
876 by Christian Klämbt), *DMef2*-Gal4 (Bloomington Stock Center #25756) UAS-stinger-GFP (nGFP)  
877 ((Barolo, Carver, and Posakony 2000) kindly provided by Gerd Vorbrüggen), UAS-H2B:RFP  
878 (kindly provided by Andreas Wodarz) and 20xUAS-mCD8::GFP (Bloomington Stock Center  
879 #32194). Lines expressing Gal4 under control of regulatory regions of the Hb putative target genes  
880 were obtained from Bloomington Stock Center (*ago*-Gal4 (#103-788), *brk*-Gal4 (#53707), *CadN*-  
881 Gal4 (#49660), *Dl*-Gal4 (#45495), *Fas2*-Gal4 (#48449), *kni*-Gal4 (#50246), *rho*-Gal4 (#49379),  
882 *robo3*-Gal4 (#41256), *Sox21b*-Gal4 (#39803), *Src64B*-Gal4 (#49780), *sty*-Gal4 (#104304) and  
883 *tkv*-Gal4 (#112552)).

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

### 887 ***hb* RNA interference**

888 We obtained 4 different UAS-*hb*<sub>dsRNA</sub> lines from Bloomington Stock Center (#54478, #29630 and  
889 #34704) and from the Vienna Drosophila Research Center (#107740). We took advantage of the  
890 fact that Hb is known to be necessary during early embryogenesis (Lehmann and Nüsslein-  
891 Volhard, 1987; Nüsslein-Volhard and Wieschaus, 1980) to evaluate the knock-down efficiency.  
892 UAS-*hb*<sub>dsRNA</sub> flies were crossed to the *hb*-Gal4 lines (VT038544 and VT038545) to see if the  
893 survival of the offspring was affected. Only one of the RNAi lines, namely #34704, produced no

894 adult flies and few dead pupae when crossed with the *hb*-Gal4 flies. The other three lines produced  
895 a normal number of offspring with no obvious phenotype. Consequently, we used the #34704 line  
896 for the knock-down experiments. Please note that the evaluation of knock-down efficiency in the  
897 developing eye-antennal discs using quantitative PCR is very limited because the expression of  
898 *hb* itself is very low (practically no reads are detected by RNA-seq, not shown).

#### 899 **Hb<sup>TS</sup> cross**

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

#### 904 ***in-situ* hybridization**

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

#### 912 **Immunohistochemistry**

913 Antibody stainings were performed using standard procedures (Klein 2008). In all cases, dissected  
914 eye-antennal discs were fixed with 4% paraformaldehyde before incubating with primary and  
915 secondary antibodies. Antibodies used were: rabbit α-Repo ((von Hilchen et al. 2013), 1:1000),  
916 guinea-pig α-Hb ((Kosman, Small, and Reinitz 1998), 1:50), mouse α-cut (Invitrogen, 1:100), rabbit

917  $\alpha$ -Hb (kind gift from Chris Q. Doe, 1:100), Cy3- $\alpha$ -HRP (kind gift from Martin Göpfert, 1:300), goat  
918  $\alpha$ -rabbit Alexa Fluor 488 (Invitrogen, 1:1000), goat  $\alpha$ -rabbit Alexa Fluor 555 (Invitrogen, 1:100)  
919 and goat  $\alpha$ -guinea-pig Alexa Fluor 555 (Invitrogen, 1:1000). A solution of 80% glycerol + 4% n-  
920 propyl gallate in PBS was used as mounting medium for all stained discs. Pictures were taken on  
921 a Zeiss LSM-510 confocal laser scanning microscope.

## 922 **Blood-eye barrier assay**

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

930

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944

## 945 **Authors contribution**

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

## 950 **Competing interests**

951 No competing interests declared.

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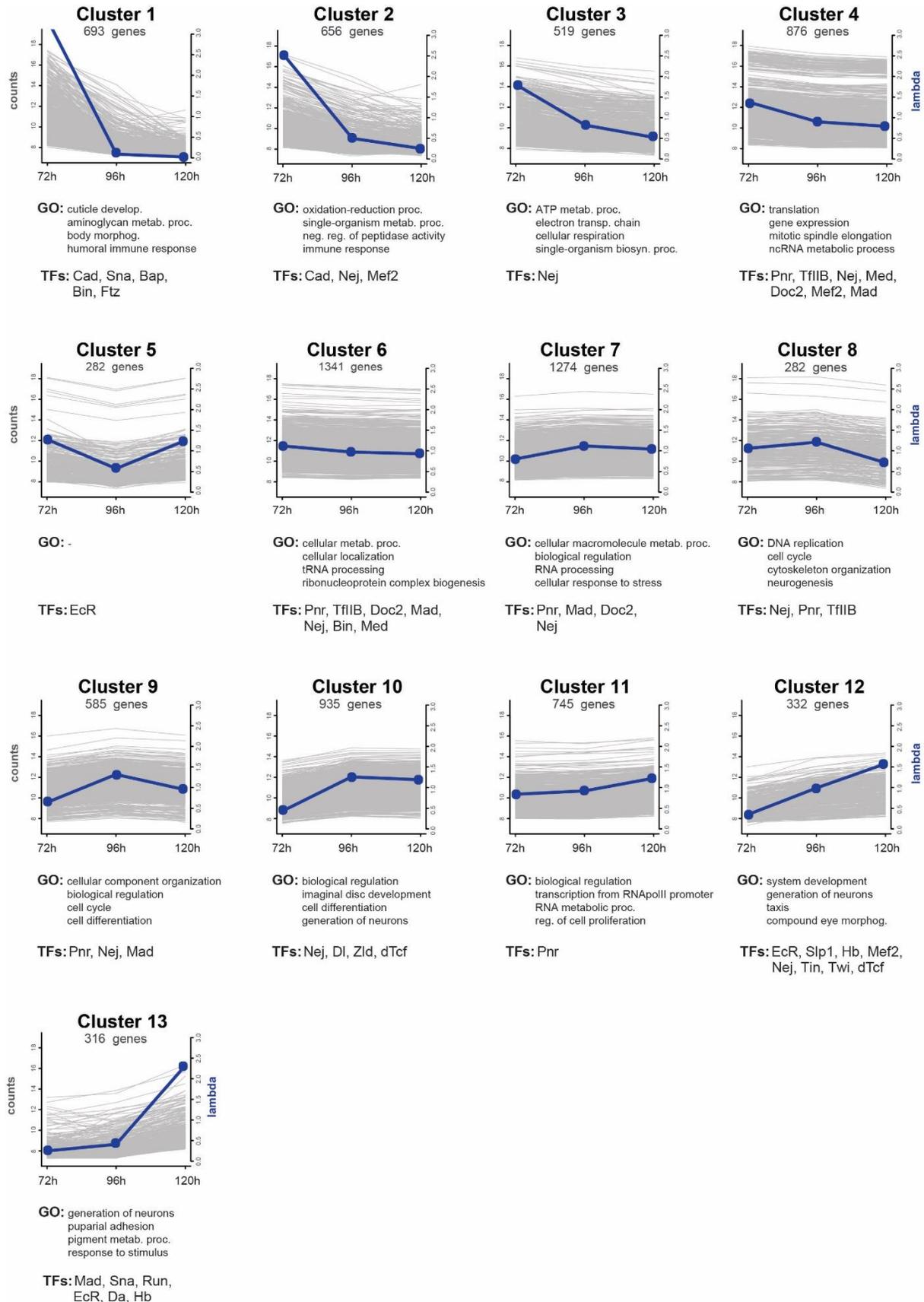
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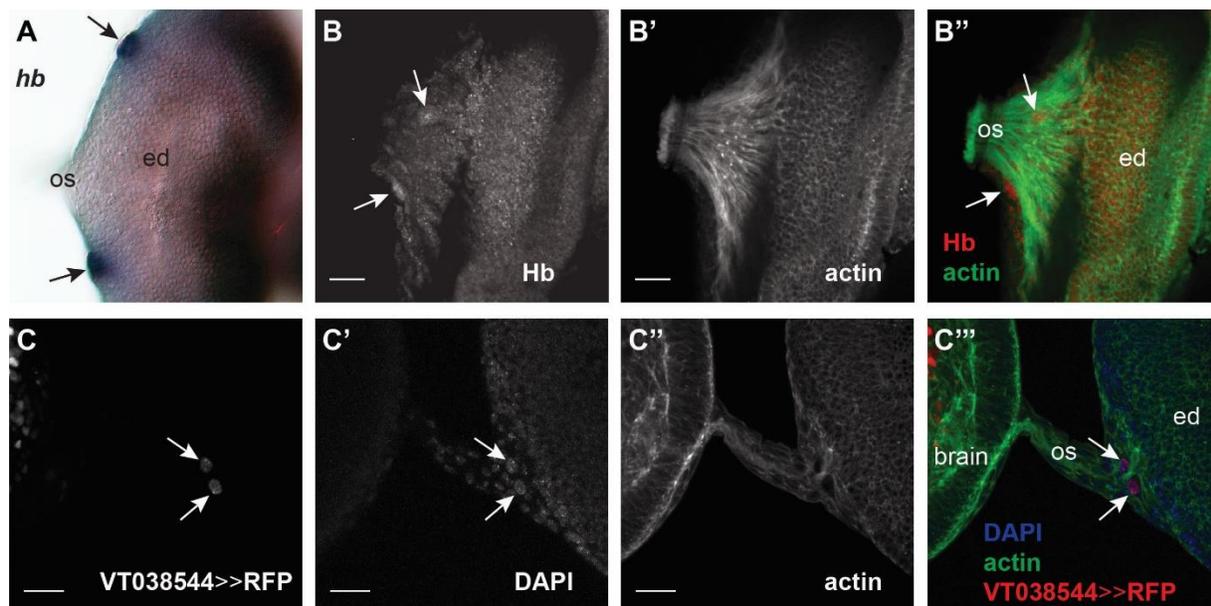
## 1511 **Figures and Tables**



1512 **Figure 1. Co-expression clusters.**

1513 All 13 profiles of co-expressed genes predicted by HTSCluster (see Materials and Methods). The  
1514 number of genes assigned to a particular cluster are indicated below the cluster name. Blue dots  
1515 represent relative expression levels (lambda value) of the genes of that cluster (y-axis on the right)  
1516 at each stage. Background grey lines represent the normalized mean count of all genes belonging  
1517 to a cluster (y-axis on the left). Below each cluster plot, the first four non-redundant GO terms  
1518 enriched in the genes of that cluster are listed (see Table S2) and also the significantly enriched  
1519 transcription factors (NES > 3, see Table S3).

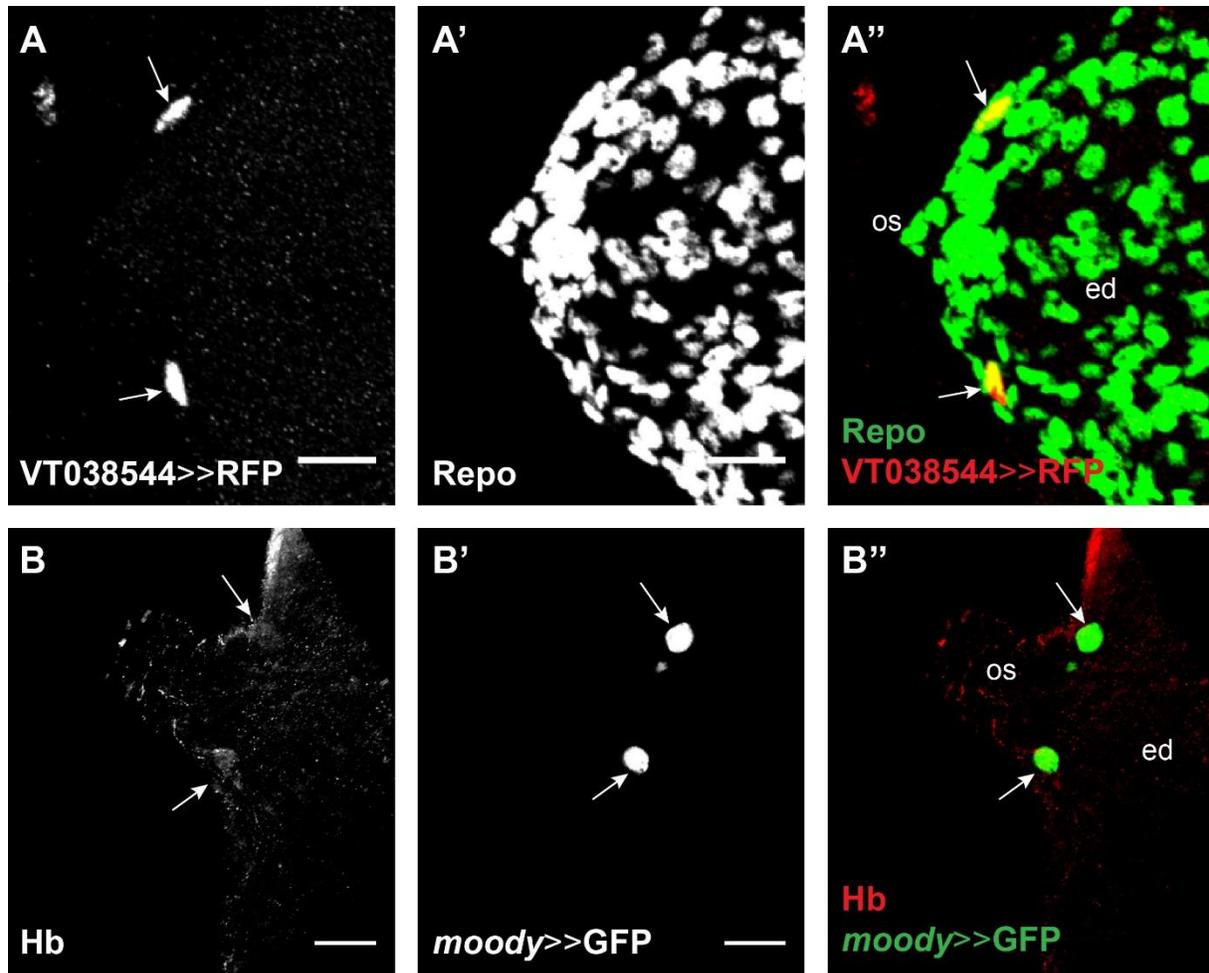
1520



1521 **Figure 2. *hb* expression in the eye-antennal disc.**

1522 Different detection methods showing *hb* expression in L3 eye-antennal discs. In all pictures,  
1523 anterior is to the right. Eye disc (ed), optic stalk (os). Scale bar = 20  $\mu$ m. **A.** *in-situ* hybridization of  
1524 *hb* mRNA. *hb* is expressed in two large domains (black arrows) at the posterior end of the eye  
1525 field **B.** Antibody staining of Hb protein (rabbit  $\alpha$ -Hb), showing a signal in two large domains (white  
1526 arrows) at the posterior end of the eye field. Co-staining with Phalloidin (**B'**, **B''**) shows that the  
1527 cells expressing *hb* are located between the photoreceptor axons on their way to the optic stalk.  
1528 **C.** Expression of histone-bound RFP (UAS-H2B::RFP) driven by a Gal4 line containing an  
1529 enhancer region near the *hb* locus (VT038544-Gal4 driver line obtained from the Vienna Tile  
1530 collection, see Figure S4 for details). Expression is localized in two large cells (**C'**) (white arrows)  
1531 in the same location as A and B, at the posterior end of the eye field, near the optic stalk (**C'''**).

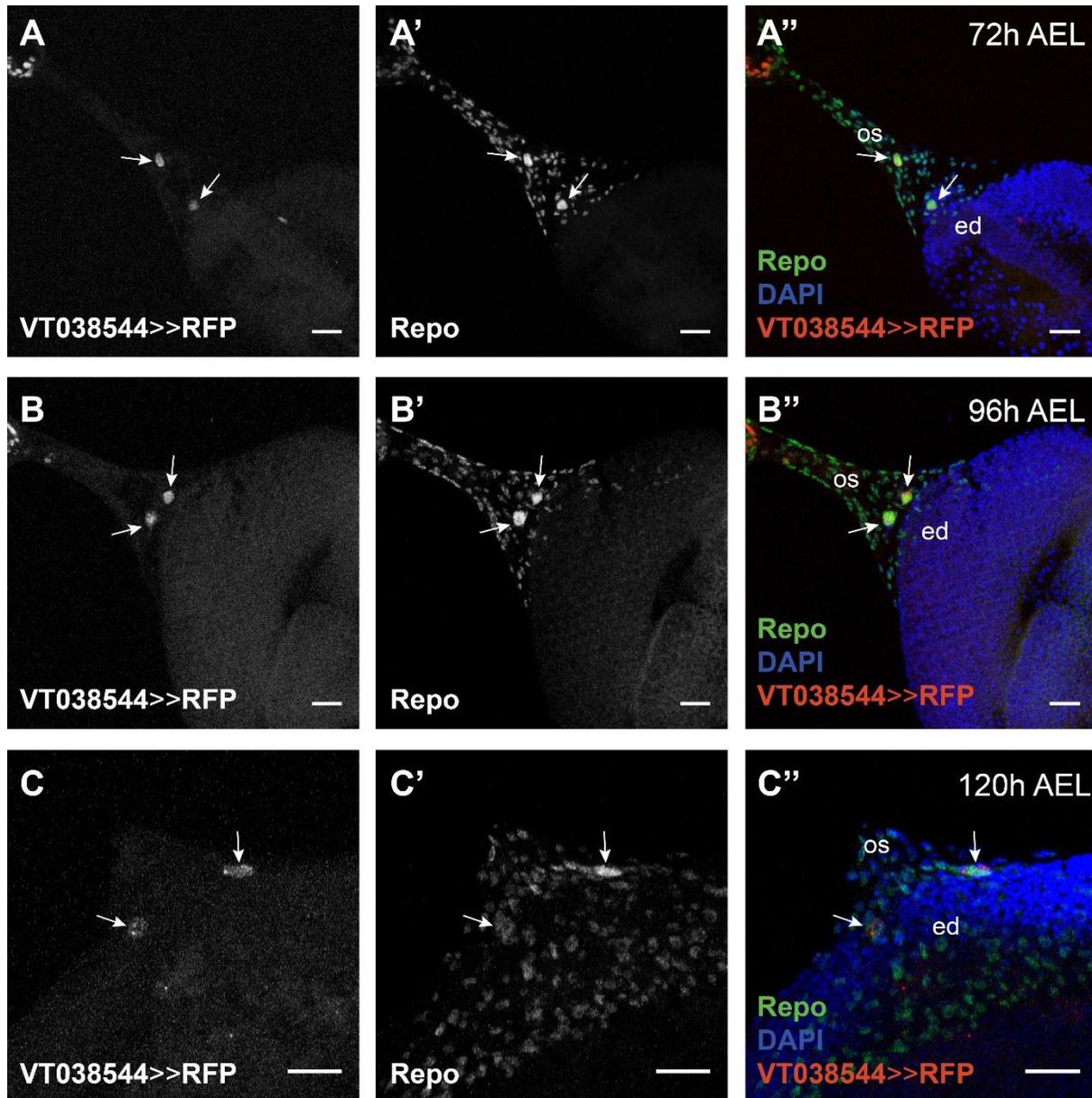
1532



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

1534 **A.** *hb* expression (VT038544-Gal4 driving UAS-GFP, green) co-localizes (white arrows) with the  
1535 pan-glial marker *Repo* (detected with rabbit  $\alpha$ -*Repo* antibody, red). **B.** Hb (detected with rabbit  $\alpha$ -  
1536 Hb antibody, red) co-localizes (white arrows) with the expression of the subperineurial glia cell  
1537 marker *moody* (*moody*-Gal4 driving UAS-GFP, green). In all pictures, anterior is to the right. Eye  
1538 disc (ed), optic stalk (os). Scale bar = 20  $\mu$ m.

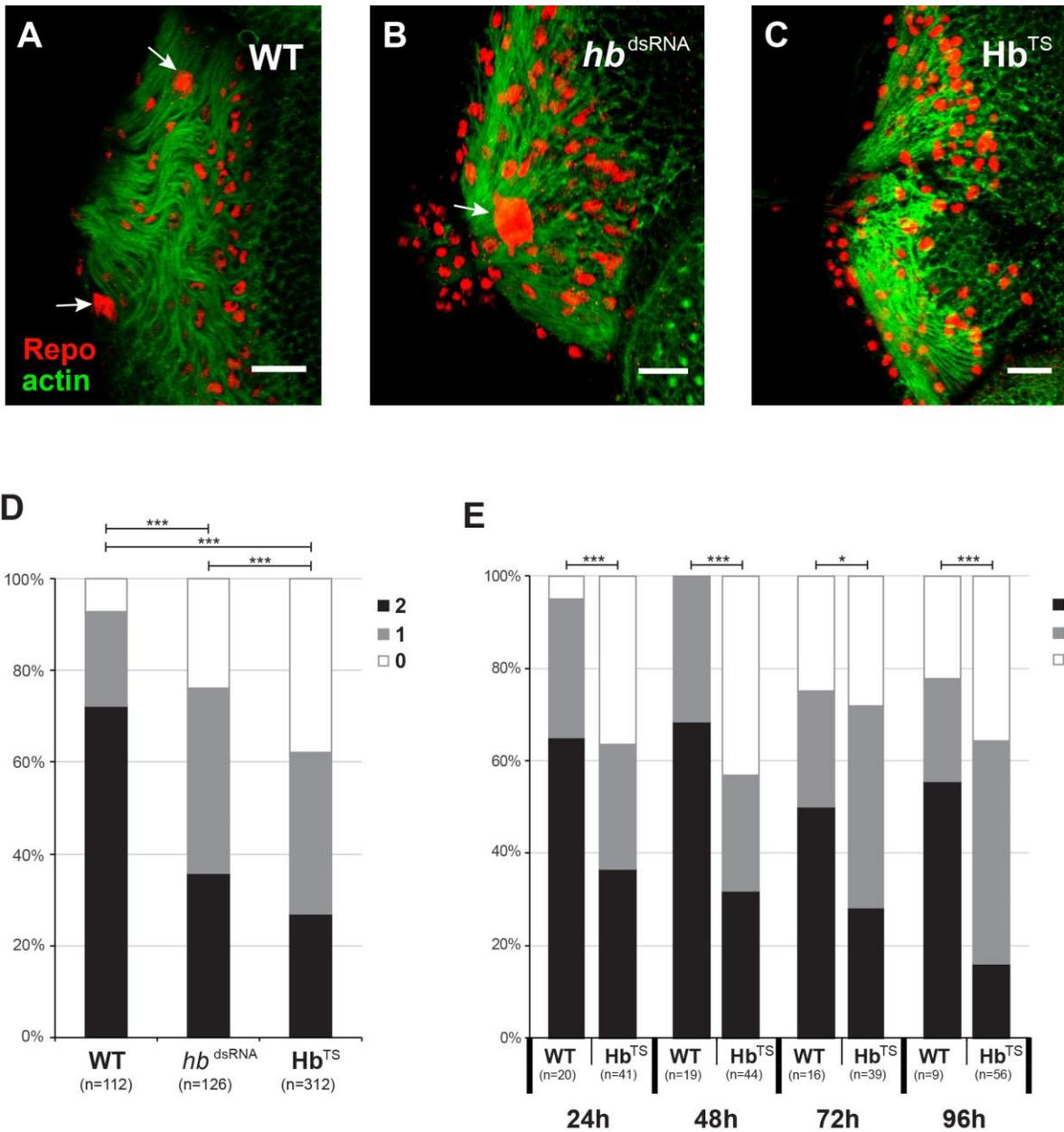
1539



1540 **Figure 4. *hb* is expressed in cells that migrate from the optic stalk into the eye-antennal**  
1541 **discs.**

1542 *hb*-expressing cells are visualized with *VT038544*-Gal4 driving histone-bound RFP (UAS-  
1543 H2B::RFP, red) (A, B and C) and all glia cells are stained with rabbit  $\alpha$ -Repo antibody (A', B' and  
1544 C'). Eye disc (ed), optic stalk (os). Scale bar = 20  $\mu$ m. A. During L2 stage, the glia cells expressing  
1545 *hb* are located in the optic stalk (white arrows). B. At mid L3 stage, these cells are located at the  
1546 edge between the optic stalk and the retinal region of the eye-antennal disc (white arrows). C. At  
1547 late L3 stage, these cells are located in the posterior region of the eye field, on at each side of the  
1548 optic stalk (white arrows).

1549

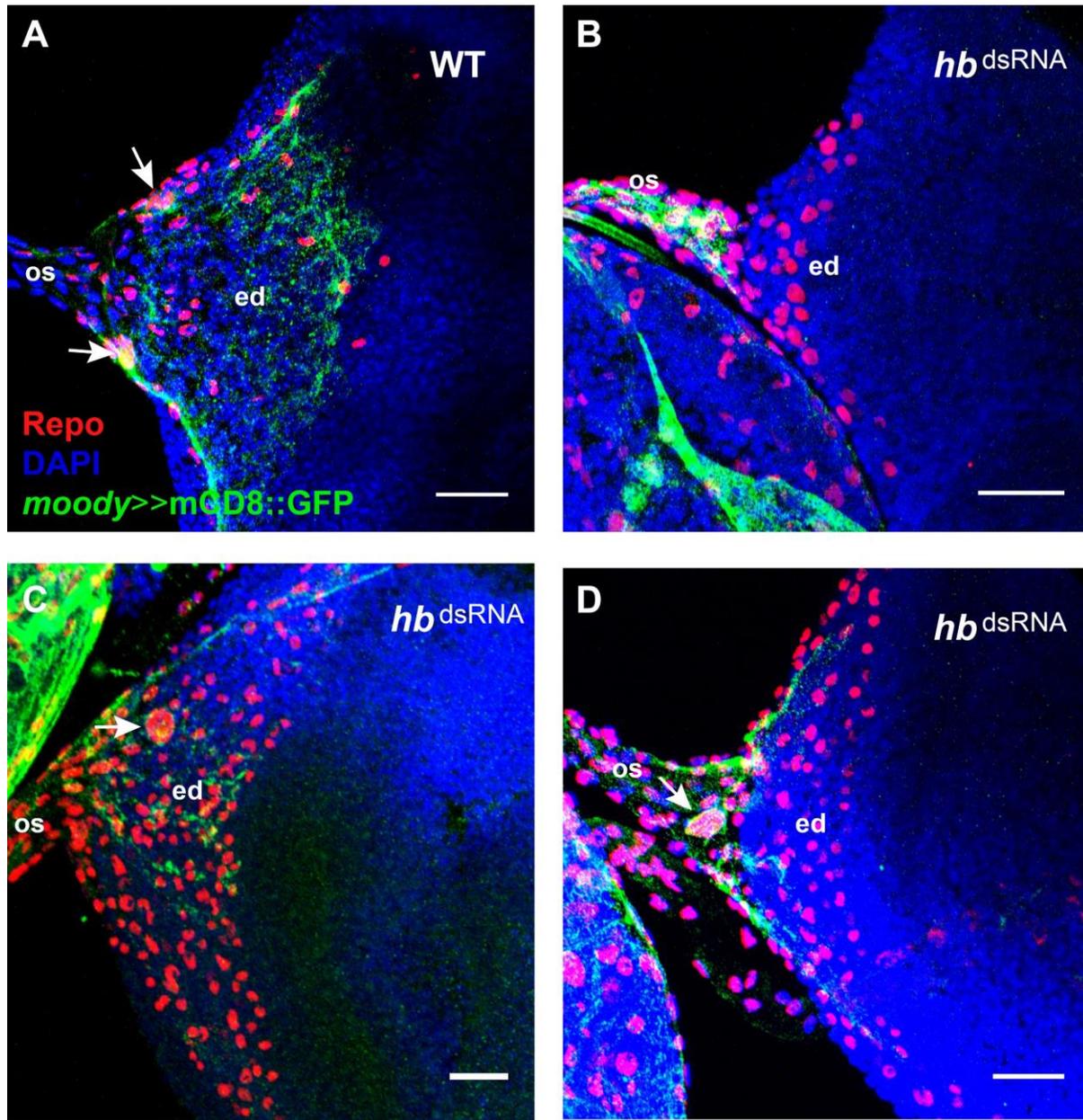


1550 **Figure 5. The number of polyploid glia cell nuclei is reduced after loss of Hb function.**

1551 **A-C.** Staining with rabbit  $\alpha$ -Repo antibody (red) and Phalloidin (green) of late L3 eye-antennal  
 1552 discs in wild type (A), *repo* driven *hb* RNAi (B) and Hb temperature sensitive mutant (C). This  
 1553 figure represent the phenotypes that have been analyzed in D, where the number of polyploid  
 1554 nuclei (white arrows) have been quantified. In all pictures, anterior is to the right. Scale bar = 20  
 1555  $\mu$ m. **D.** Quantification of the number of polyploid nuclei observed in wild type (WT), *repo*-Gal4 and  
 1556 *moody*-Gal4 driven UAS-*hb* RNAi (*hb*<sup>dsRNA</sup>) and Hb temperature sensitive mutant (Hb<sup>TS</sup>). **E.**  
 1557 Quantification of the number of polyploid nuclei observed in late L3 eye-antennal discs of flies that  
 1558 have been raised at 18°C until the indicated time points (24h AEL, 48h AEL, 72h AEL and 96h  
 1559 AEL), when they have been transferred to the restrictive temperature of 28°C. In D and E, the  
 1560 black bar indicates percentage of discs with two polyploid glia cell nuclei, grey indicates discs with

1561 one polyploid glia cell nucleus and white indicates discs without polyploid glia cell nuclei.  
1562 Pearson's Chi-squared test was performed to determine if the distribution of the different number  
1563 of cells (0, 1 or 2) was equal between wild type and RNAi. \*: p-val < 0.05, \*\*\*: p-val < 0.0005.

1564

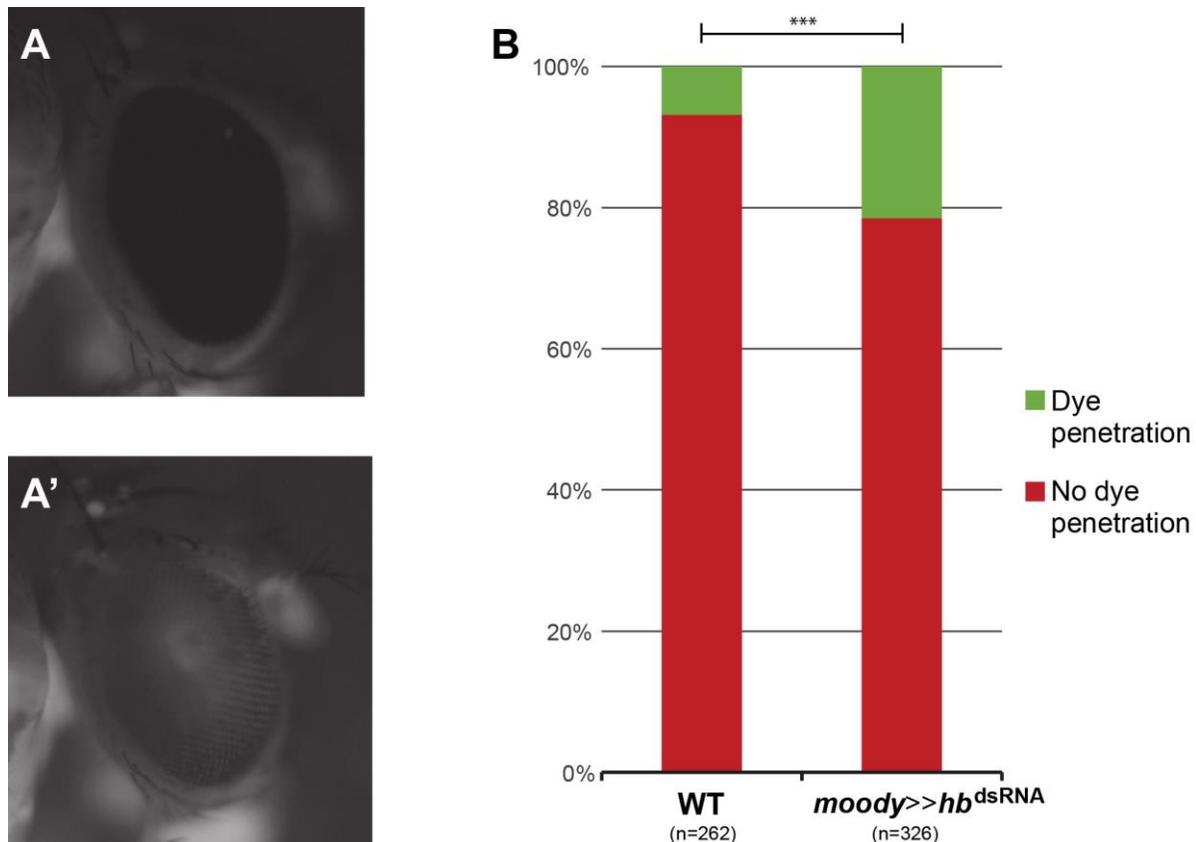


1565 **Figure 6. Carpet cell membranes after loss of Hb function.**

1566 Membranes of carpet cells in late L3 eye-antennal discs are labelled with *moody*-Gal4 driven UAS-  
1567 mCD8::GFP expression (green). All glia cells are stained with rabbit  $\alpha$ -Repo antibody (red). Carpet  
1568 cell nuclei (white arrows) are recognized by their large size. In all pictures, anterior is to the right.  
1569 Eye disc (ed), optic stalk (os). Scale bar = 20  $\mu$ m.

1570 cells cover all the retinal field up to the edge of the most anteriorly located glia cells. **B-D**.  
1571 Phenotypes observed after *moody* driven *hb* RNAi. In discs where carpet cell nuclei cannot be  
1572 observed, GFP signal is detected only in the optic stalk (**B**). In discs where only one carpet cell  
1573 nucleus can be observed on one side, the membrane signal is predominantly observed on that  
1574 side (**C**). In discs where only one carpet cell can be observed in the disc midline, membrane extend  
1575 to both sides (**D**), but do not extend so far anteriorly as in wild type (compare **D** to **A**).

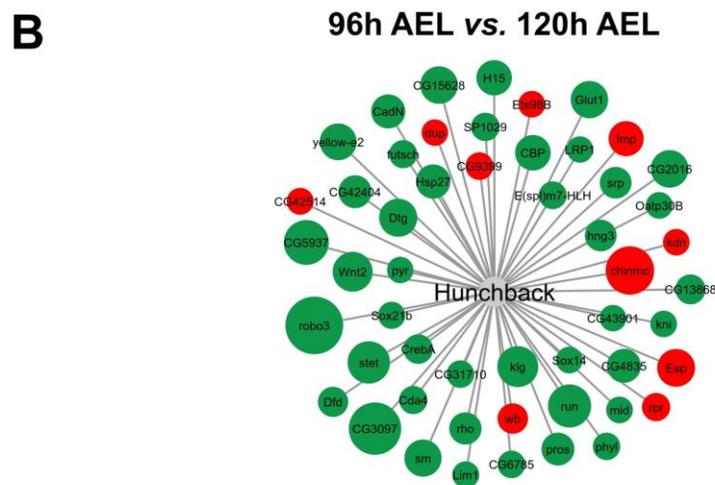
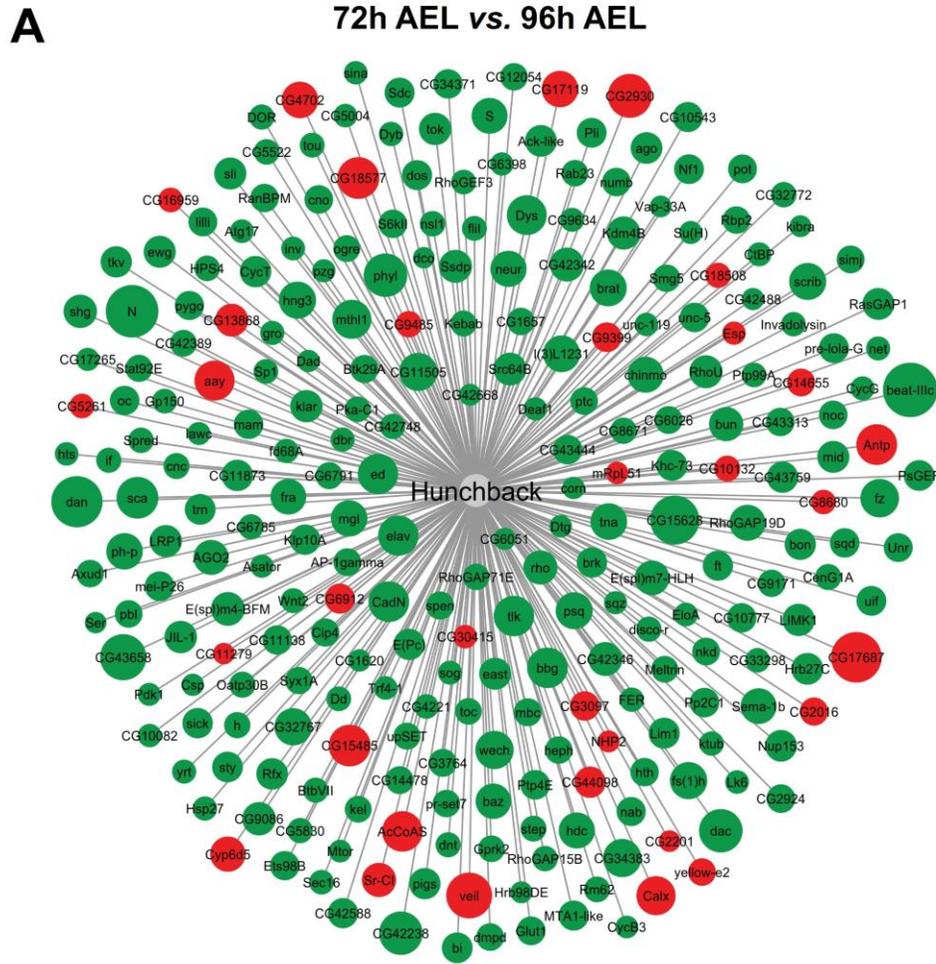
1576



1577 **Figure 7. Blood-brain barrier function is impaired after loss of *hb* expression in carpet cells.**

1578 **A.** After injection of fluorescently labelled dextran in the abdomen of adult flies, animals with  
1579 correctly formed blood-brain barrier present fluorescence in the body (not shown) but not in the  
1580 compound eye. **A'**. In flies with incomplete blood-brain barrier, fluorescent dye can be observed  
1581 in the compound eye as well as in the body. **B.** Quantification of eyes with (green) or without (red)  
1582 dye penetration. *hb* knock-down flies have a significant increase in the penetrance of dye in the  
1583 eye, indicating a defective blood-eye barrier. Pearson's Chi-squared test was performed to  
1584 determine significance between the wild type results and the RNAi. \*\*\*: p-val < 0.0005.

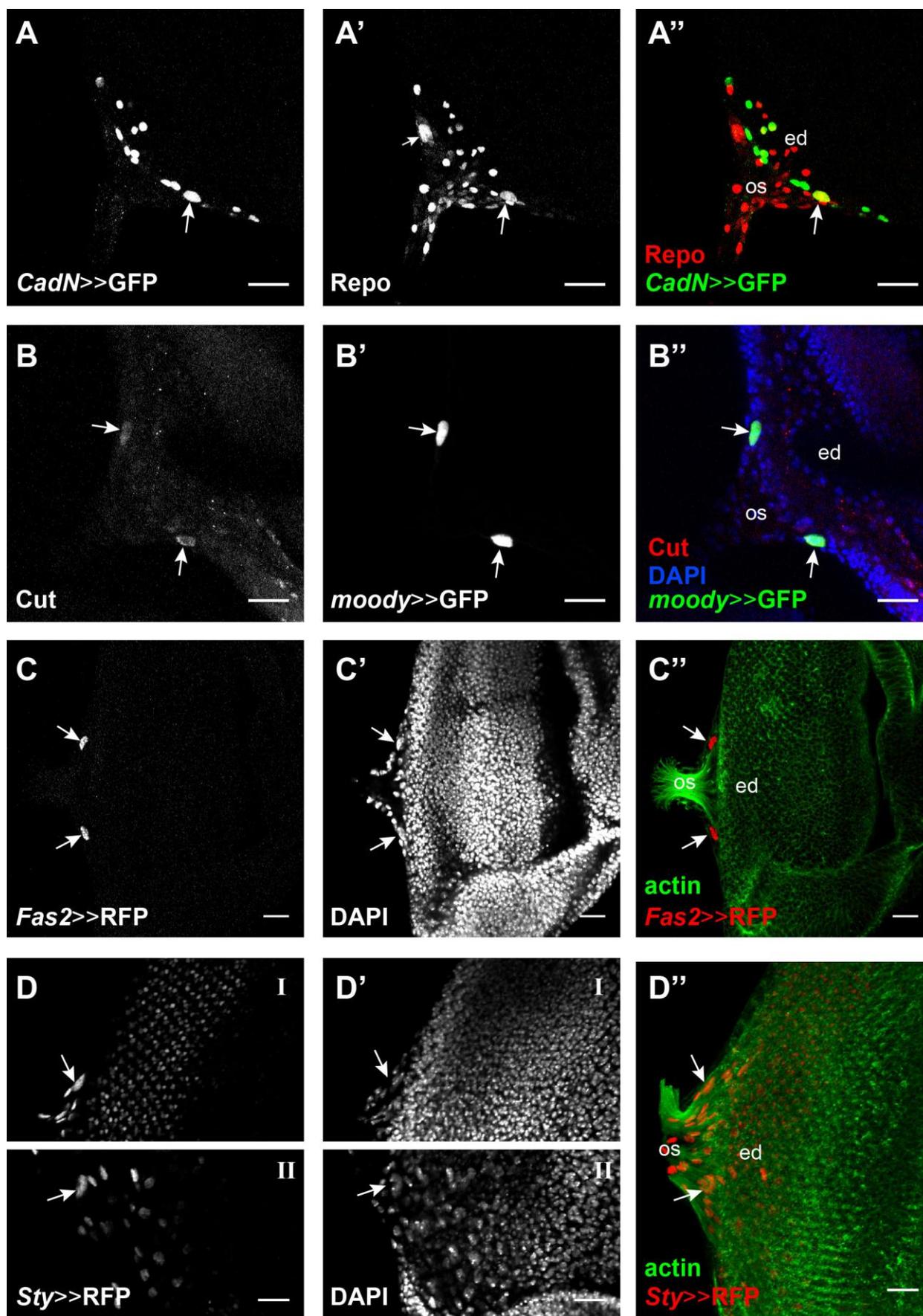
1585



1587 **Figure 8. Differentially expressed putative Hb target genes.**

1588 Green and red shaded circles are up- and down-regulated genes, respectively. Larger circle size  
1589 indicates higher log<sub>2</sub>-fold change. **A.** 267 genes from the high confidence list of Hb targets are  
1590 differentially expressed in the eye-antennal discs during the transition from late L2 (72h AEL) to  
1591 mid L3 (96h AEL) stages. 33 genes are down-regulated and 234 are up-regulated (see Table S4).  
1592 **B.** 52 genes from the high confidence list of Hb targets are differentially expressed in the eye-  
1593 antennal discs during the transition from mid L3 (96h AEL) to late L3 (120h AEL) stages. 10 genes  
1594 are down-regulated and 42 are up-regulated (see Table S4).

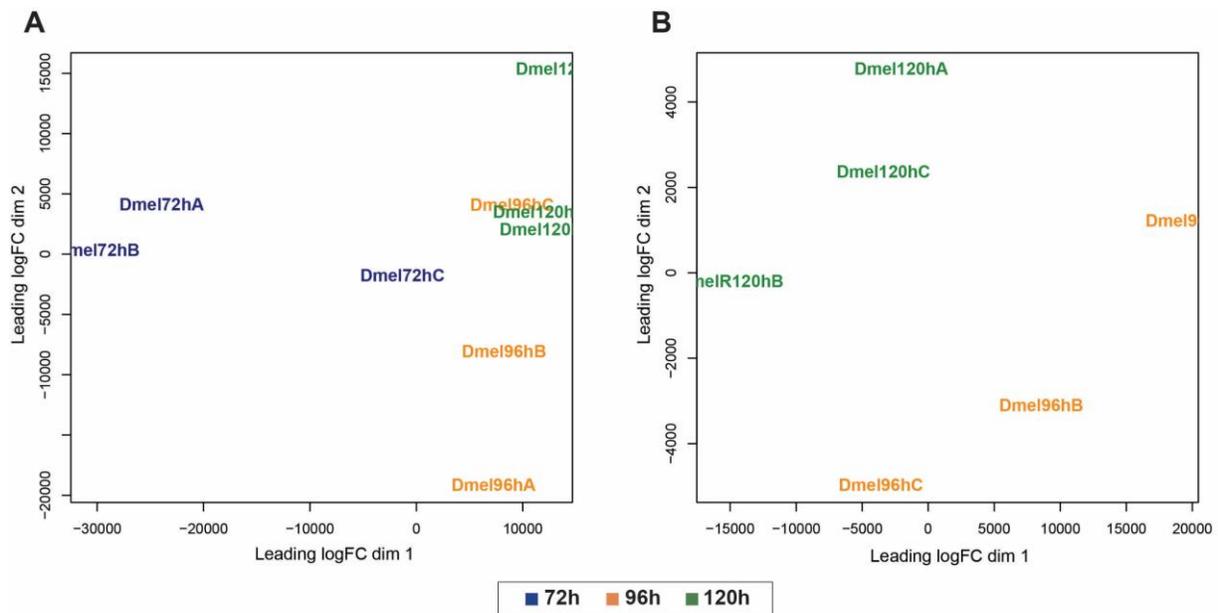
1595



1596 **Figure 9. Expression of Hb target genes in the eye-antennal discs.**

1597 Four of the tested target genes show expression in carpet cells. Eye disc (ed), optic stalk (os).  
1598 Scale bar = 20  $\mu$ m. **A.** *CadN*-Gal4 drives UAS-GFP expression (green in **A''**) in one of the two  
1599 carpet cells (white arrow), as well as other cells in the disc, possibly glia cells. **A'** and **A''**. Carpet  
1600 cells are recognized by their large cell size with rabbit  $\alpha$ -Repo antibody (red). **B.** mouse  $\alpha$ -Cut (red  
1601 in **B''**) shows clear signal in the two carpet cells (white arrows). **B'** and **B''**. Carpet cells are  
1602 recognized by *moody*-Gal4 driving UAS-GFP expression (green). DAPI shows the eye-antennal  
1603 disc surface. **C.** *Fas2*-Gal4 drives UAS-H2B::RFP (red in **C''**) expression in the two carpet cells  
1604 (white arrows). **C'** and **C''**. Carpet cells are recognized by their large cell size with DAPI and their  
1605 location on the posterior edge of the retinal field between the outgoing axons visualized with  
1606 Phalloidin staining (green). **D.** *Sty*-Gal4 drives UAS-H2B::RFP (red in **D''**) expression in the two  
1607 carpet cells (white arrows), as well as in other cells in the disc. Due to folding of the imaged disc,  
1608 the right (**D-I**) and left (**D-II**) carpet cells were not found in the same focal plane. **D'** and **D''**.  
1609 Carpet cells are recognized by their large cell size with DAPI and their location on the posterior  
1610 edge of the retinal field between the outgoing axons visualized with Phalloidin staining (green).

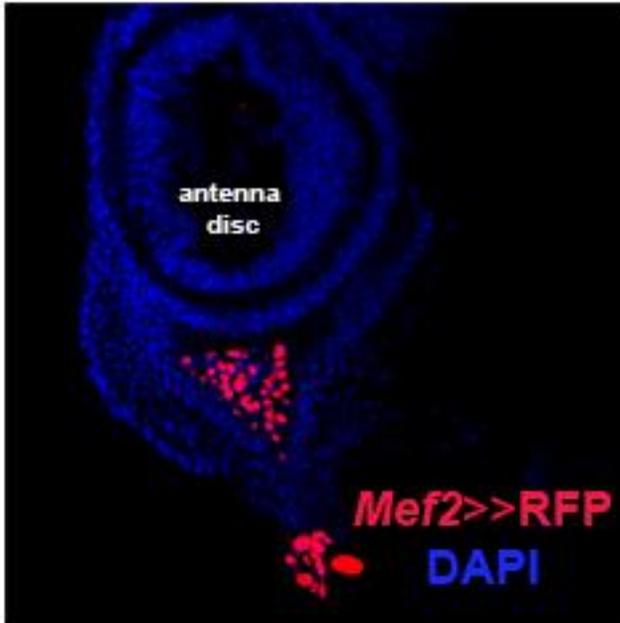
1611



1612 **Supplementary Figure 1. Multi-dimension scaling plot of RNA-seq samples.**

1613 **A.** Count data of all three time points (72h AEL, 96h AEL and 120h AEL). **B.** Count data of only  
1614 96h AEL and 120h AEL.

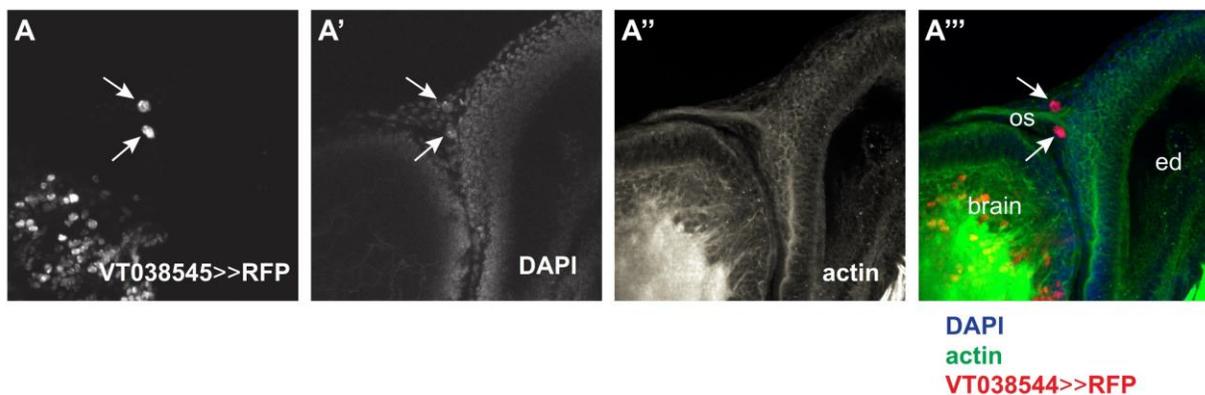
1615



1616 **Supplementary Figure 2. Mef2 driver line expression.**

1617 *Mef2*-expressing cells are visualized with a *Mef2*-Gal4 driver line crossed with UAS-H2B::RFP  
1618 reporter (red).

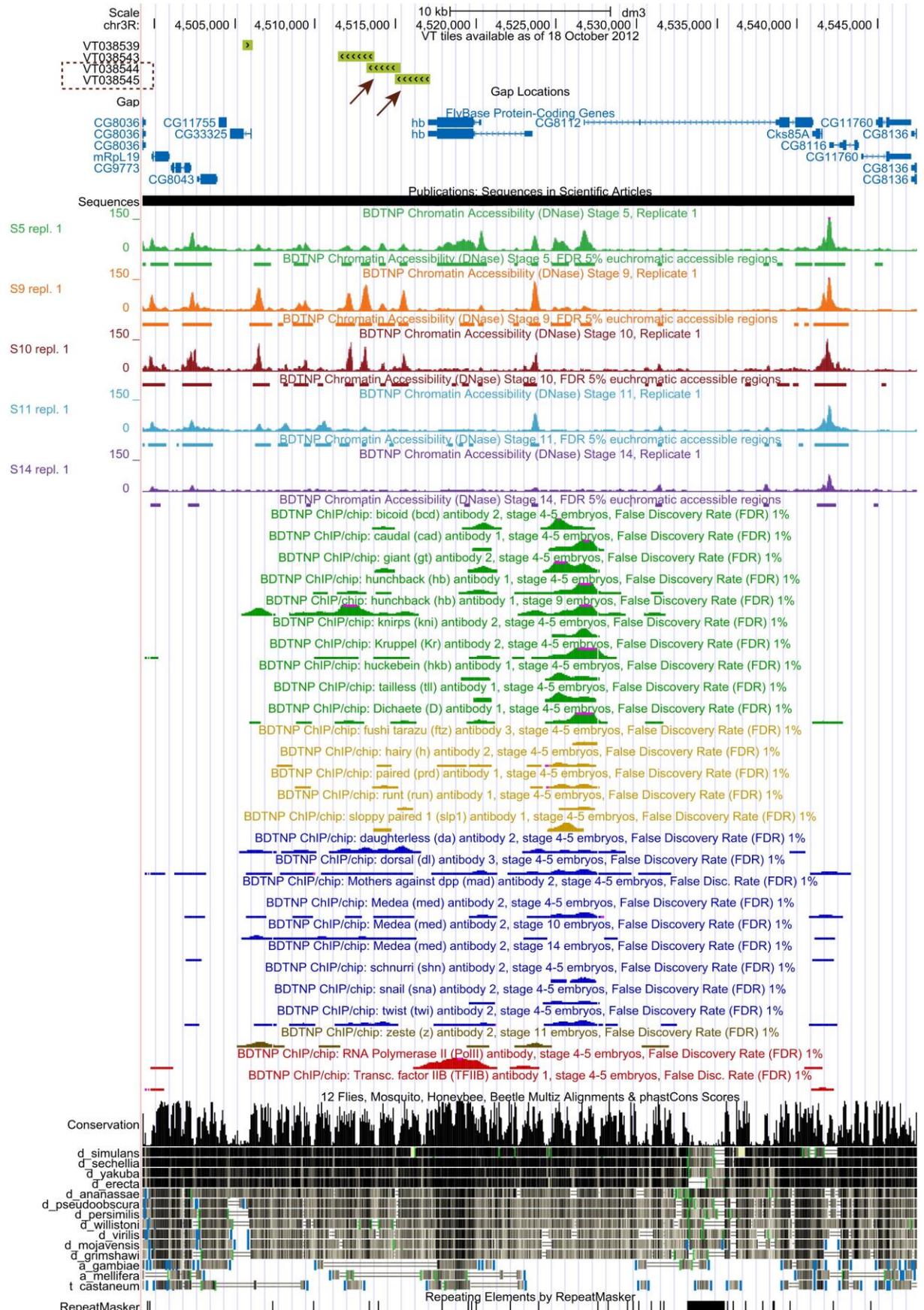
1619



1620 **Supplementary Figure 3. VT038545 (*hb*-Gal4) driver line expression in late L3 eye-antennal**  
1621 **discs.**

1622 Driver line VT038545-Gal4 drives UAS-H2B::RFP expression in the two carpet cells. Anterior is to  
1623 the right. Eye disc (ed), optic stalk (os).

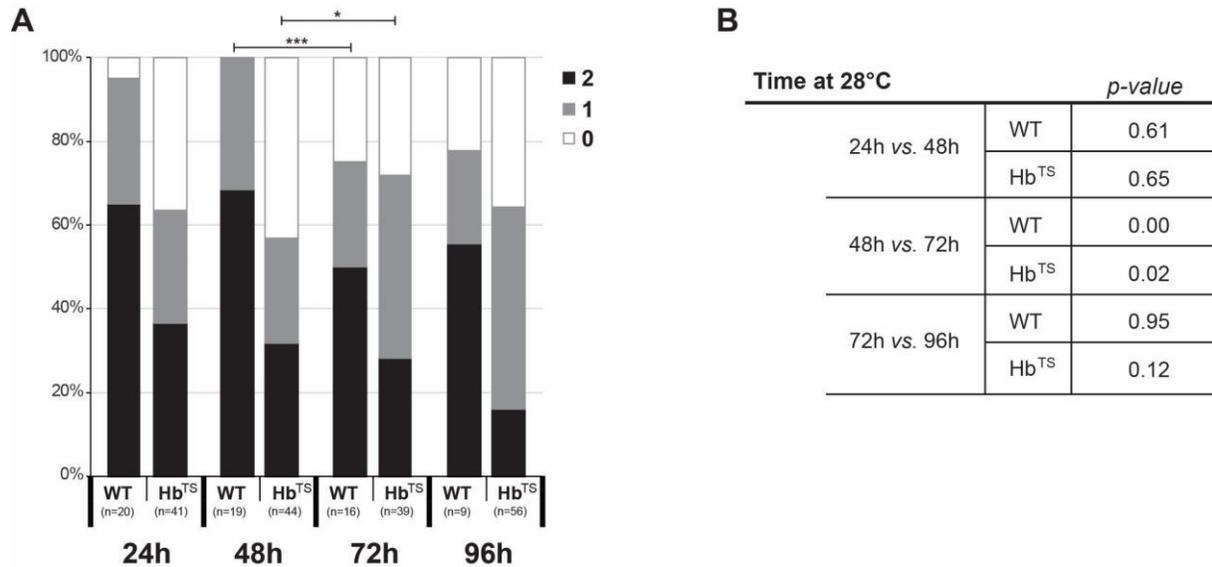
1624



1625 **Supplementary Figure 4. Genomic location of Vienna Tile *hb* driver lines.**

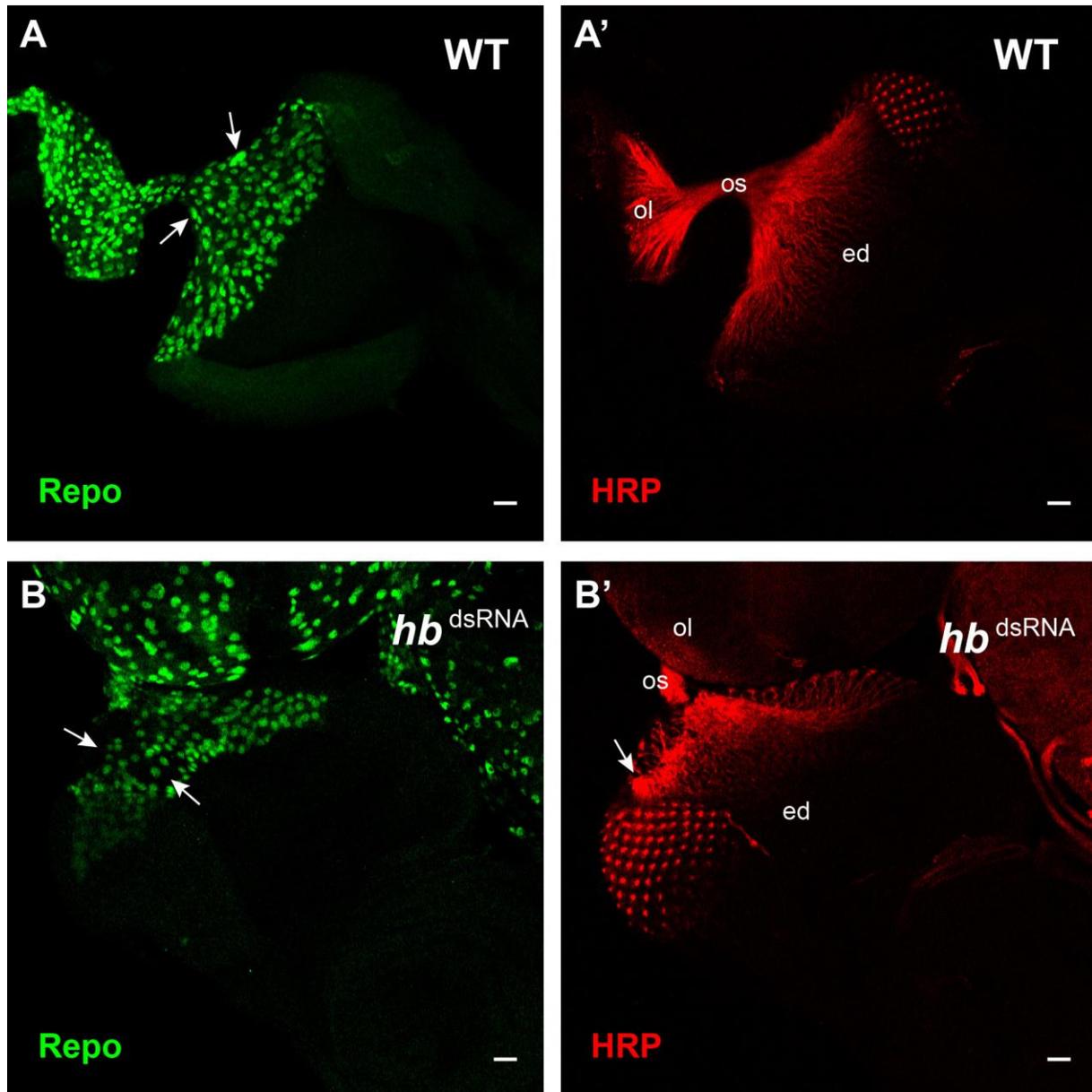
1626 Arrows indicate the regions used to drive *hb* expression with Gal4 system. Bellow, are colored  
 1627 tracks provided by the BDTNP project (X. Li et al. 2008) showing open chromatin profiles and  
 1628 transcription factor binding. The last black tracks show sequence conservation across different  
 1629 insect species. These tracks were visualized using UCSC Browser (Kent et al. 2002).

1630



1631 **Supplementary Figure 5. The strength of the effect of loss of Hb function in carpet cells is**  
 1632 **not significantly different at different time points.**

1633 **A.** A significant difference in the distribution of the number of polyploid glia cells in Hb<sup>TS</sup> flies is  
 1634 only observed between raising larvae at the restrictive temperature 48h AEL and 72h AEL.  
 1635 However, this difference is also significant in the wild type (WT). This can be due to the fact that  
 1636 more larvae die when transferred to the restrictive temperature too early (at 24h AEL or 48h AEL).  
 1637 **B.** Pearson's Chi-squared test was performed to determine if the distribution of the different  
 1638 number of cells (0, 1 or 2) was equal across the time points for the same conditions (WT or Hb<sup>TS</sup>).  
 1639 \*: p-val < 0.05, \*\*\*: p-val < 0.0005.



1640 **Supplementary Figure 6.**

1641 Hb loss of function affects axon projection and the organization of other  
1642 retinal glia cells. Late L3 eye-antennal discs attached to the optic lobe immunostained with rabbit  
1643  $\alpha$ -Repo (green) and Cy3-conjugated-HRP (red) antibodies. Eye disc (ed), optic stalk (os), optic  
1644 lobe (ol). Scale bar = 20  $\mu$ m. **A.** In wild type larvae, glia cells occupy all the basal surface of the  
1645 eye-antennal disc posterior to the morphogenetic furrow to support the developing photoreceptors  
1646 and their axons. Carpet cell nuclei can be observed at the posterior margin of the eye-antennal  
1647 disc (white arrows). **A'.** Axons project in an organized manner from the developing photoreceptors  
1648 in the eye-antennal disc into the optic lobes through the optic stalk. **B.** In *repo>>hb*<sup>dsRNA</sup> larvae,  
1649 patches without glia cells can be observed in the basal surface of the eye-antennal disc (white  
1650 arrow), and carpet cell nuclei cannot be identified. **B'.** Axons do not project correctly and form  
1651 unorganized bundles (white arrows).

1652 **Supplementary Table 1. Differentially expressed genes.**

1653 **Supplementary Table 2. Significantly enriched GO terms in the expression clusters.**

1654 **Supplementary Table 3. Significantly enriched transcription factors in the expression**  
1655 **clusters.**

1656 **Supplementary Table 4. Putative Hb target genes differentially expressed.**

1657 Table contains two sheets: first sheet lists putative Hb targets differentially expressed between  
1658 72h AEL and 96h AEL and second sheet lists the differentially expressed genes between 96h AEL  
1659 and 120h AEL. "Instances": number of Hb motifs found  $\pm 1000$  bp from TTS. Right-side table shows  
1660 how many of these genes belong to each cluster and the percentage over the total number of  
1661 genes in that cluster.

1662 **Supplementary Table 5. Putative Hb target genes in clusters 12 and 13.**

1663 Table contains three sheets: first sheet contains the gene ID, name and symbol of the 77 genes,  
1664 and the cluster they belong to; second sheet lists the GO terms associated to each of the 77  
1665 genes; third sheet contains the number of times each GO term appears in the second sheet.

1666