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Intrathymic dendritic cell-biased precursors promote human T cell lineage specification 1

through IRF8-driven transmembrane TNF 2

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35 ABSTRACT

The cross talk between thymocytes and thymic stromal cells is fundamental for T cell 36 development. In humans, intrathymic development of dendritic cells is evident but its 37 38 physiological significance is unknown. Here, we showed that dendritic cell-biased precursors depended on the expression of the transcription factor Interferon Regulatory Factor 8 (IRF8) to 39 express the membrane-bound precursor form of the cytokine Tumor Necrosis Factor (tmTNF) 40 41 in order to promote differentiation of thymus seeding hematopoietic progenitors into T-lineage specified precursors through activation of the TNF receptor 2 (TNFR2) instead of TNFR1. In 42 vitro recapitulation of TNFR2 signaling by providing low density tmTNF or a selective TNFR2 43 44 agonist enhanced the generation of human T cell precursors. Our study shows that, in addition to mediating thymocyte selection and maturation, dendritic cells function as a hematopoietic 45 stromal support for the early stages of human T cell development and provide proof-of-concept 46 that selective targeting of TNFR2 can enhance the *in vitro* generation of T cell precursors for 47 clinical application. 48

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50 KEYWORDS

human thymus, dendritic cell-biased precursors, T cell precursors, IRF8, Notch signalling,
transmembrane TNF, TNFR2, hematopoietic stem and progenitor cells, in vitro T cell
development, interferon signalling

T cell development occurs in the thymus, which is constantly seeded by bone marrow-derived 54 55 hematopoietic progenitors. These thymus seeding progenitors (TSPs) undergo stepwise differentiation and eventual selection to generate a diverse and self-tolerant T cell repertoire 56 that responds to foreign antigens. During this developmental process, cells migrate to distinct 57 thymic microenvironments to receive appropriate site- and stage-specific signals through 58 cellular contact with stromal cells. Non-hematopoietic stromal cells comprise mostly thymic 59 60 epithelial cells (TECs) that constitute the thymic architecture. While TECs regulate T cell development throughout early and late stages, stromal cells of hematopoietic origin have only 61 been described to mediate selection of developing T cells during final maturation. In human, 62 these include thymus-residing dendritic cells (DCs) and B cells^{1,2,3}. Recent studies provide 63 compelling evidence of human in situ intrathymic development of dendritic but not B cells^{4,5,6}. 64 However, it remains unclear if these thymic DCs develop in a distinct, non T-lineage supporting 65 66 thymic niche from multipotent TSPs in which T-lineage differentiation has not yet been initiated⁶ or whether they can share an early developmental program with T cells^{4,5}. Also the 67 physiological relevance of the disparity in intrathymic DC vs B cell development is unclear 68 given their common role in establishing T cell tolerance. 69

During early T cell development, TECs provide Notch ligands that induce T-lineage 70 71 specification in TSPs to generate early T cell precursors (ETPs) and also produce cytokines such as interleukin-7 (IL-7) to support the survival and proliferation of immature thymocytes⁷. 72 Recapitulation of these signals enables *in vitro* modelling and studying of T cell development^{8,9}. 73 However, a role for hematopoietic stromal cells in these early T-developmental stages has not 74 yet been illustrated. Supplementation of TNF in a soluble form (sTNF) to in vitro culture 75 76 systems temporarily and dose-dependently enhances the human T cell precursor generation from hematopoietic stem and progenitor cells (HSPCs)^{10,11,12,13}. Physiologically, TNF is 77 synthesized as a membrane-bound precursor (transmembrane TNF, tmTNF) that can be cleaved 78

to yield sTNF¹⁴. The production of TNF is weakly correlated with its gene expression due to post-transcriptional and translational regulation¹⁵. Although both tmTNF and sTNF are biologically active, the former is predominantly expressed¹⁶. At present, it is unclear if TNF is physiologically produced by thymic stromal cells and how the signal is transmitted to differentiating HSPCs. A comprehensive understanding of physiological signals provided by thymic stromal cells is important to unleash the full potential of *in vitro* T cell development for therapeutic application.

Based on the difference in developmental origin of thymus-residing DC and B cells, here we explored the physiological relevance of human in situ intrathymic DC development and found that DCs not only are important for mediating selection of thymocytes during the final maturation stages, but that immature DC-biased progenitors also provide stromal support for early T cell progenitors through IRF8-dependent tmTNF expression that activates TNFR2 signalling on immature thymocytes..

92 **RESULTS**

93 Notch-driven IRF8 expression marks T- and DC-lineage priming

Single-cell RNA sequencing (scRNA-seq) of ex vivo CD34⁺ postnatal thymocytes previously 94 distinct subsets TSPs⁴. identified two of Using the STEMNET algorithm, 95 CD34⁺CD44⁺CD10⁺CD7⁻ TSP1s were predicted to be the canonical human T cell precursor, 96 while CD34⁺CD44⁺CD10⁻CD7⁺ TSP2s that express *IRF8* were predicted to support both T and 97 DC development, presumably through intrathymic expansion of a hematopoietic progenitor cell 98 (HPC) population (Extended Data Fig. 1a). The transcription factor IRF8 represents a marker 99 for a human DC-lineage development¹⁷. Based on the STEMNET prediction and using 100 pseudotime analysis⁴, we observed a gradual increase in *IRF8* expression along the 101 differentiation trajectory of TSP2s towards pDCs via a granulocyte-macrophage progenitor 102 (GMP) IRF8^{hi} subset (Fig. 1a), consistent with the projection that TSP2s would differentiate 103 along the DC lineage trajectory. Consistent with previous findings that the earliest human and 104 murine thymic progenitors are transcriptionally distinct^{4,5}, IRF8 protein was not detected in 105 106 immature murine thymocytes (Extended Data Fig. 1b,c). Thus, IRF8 expression in early T cell development is a distinct feature in humans. 107

To validate the previously annotated immature human thymocyte populations⁴ phenotypically, 108 we divided ex vivo lin(lineage) CD4 CD34⁺ thymocytes into four subsets based on expression 109 of IRF8 and CD1a, a marker for human T-lineage commitment¹⁸ (Fig. 1b,c), and further 110 examined the expression of selected precursor (CD34, CD44, CD7, PU.1), T-lineage (CD5, 111 CD127 (IL-7 receptor α chain), cytoplasmic CD3 (cyCD3), GATA3) and DC-lineage (HLA-112 DR, CD123, CD135, CD117) associated surface and intracellular markers on these subsets (Fig. 113 1d). This analysis revealed that the IRF8^{lo}CD1a⁻ subset corresponded to the previously 114 annotated TSP2 and HPC populations that both express high PU.1 levels which indicates 115 multipotency. Consistent with the scRNA-seq analysis, these lin⁻CD4⁻CD34⁺CD123^{lo}CD1a⁻ 116

thymocytes expressed markers representative of both T lineage (the transcription factor GATA3 117 and cyCD3) and DC lineage (CD44, CD123)^{4,6,19,20}. On the other hand, the IRF8^{hi}CD1a⁻ subset, 118 which corresponded to the annotated IRF8^{hi} GMP population, only expressed DC-lineage 119 markers (CD44, HLA-DR and CD123), whereas the IRF8⁻CD1a^{-/+} subsets only expressed T-120 lineage markers (including CD5, CD127, GATA3 and cyCD3) (Fig. 1d,e). Importantly, overlay 121 of these four immature thymocyte subsets (Extended Data Fig. 1d) revealed that the 122 IRF8^{lo}CD1a⁻ subset co-expressed low levels of the T-lineage transcription factor GATA3 (Fig. 123 1f) and was thereby positioned at the bifurcation of the T- and DC-lineages. Hence, low IRF8 124 expression in CD34^{hi} immature thymocytes marked T- and DC-lineage priming rather than 125 specification towards one of these lineage cell fates. 126

To validate the developmental potential of these subsets, we sorted ex vivo lin⁻CD4⁻CD34⁺ 127 thymocytes based on expression of CD123, a surrogate marker for IRF8 expression^{21,22} and 128 CD1a expression into lin⁻CD4⁻CD34⁺CD123^{hi}CD1a⁻, lin⁻CD4⁻CD34⁺CD123^{lo}CD1a⁻, lin⁻CD4⁻ 129 CD34⁺CD123⁻CD1a⁻ and lin⁻CD4⁻CD34⁺CD123⁻CD1a⁺ subsets (Extended Data Fig. 1e-g), and 130 131 co-cultured them on OP9-DLL4 stromal cells to study T-lineage potential and on OP9 cells to track DC development. We confirmed that CD123 tracked IRF8 expression in human CD34⁺ 132 thymocytes (Extended Data Fig. 1g). The CD123^{lo}CD1a⁻ subset had low expression of IRF8 133 134 but higher expression of CD34 compared to the other populations being studied (Fig. 1d and Extended Data Fig. 1g), which matched with the IRF8^{lo}CD1a⁻ subset. Consistent with its bi-135 phenotypic profile and high CD34 expression, the CD123^{lo}(IRF8^{lo})CD1a⁻ subset efficiently 136 differentiated into both CD7⁺CD5^{hi} T cell precursors on OP9-DLL4 (Fig. 1g,h) and HLA-137 DR⁺CD123⁺ plasmacytoid DCs (pDCs) and HLA-DR⁺CD1c⁺ conventional DCs (cDCs) on 138 OP9 (Fig. 1i,j). The CD123^{hi}(IRF8^{hi})CD1a⁻ subset, which is relatively more mature (Fig. 1d 139 and Extended Data Fig. 1g), generated only negligible amounts of CD7⁺CD5⁺ T cell precursors 140 (Fig. 1g,h) and predominantly gave rise to pDCs (Fig. 1i,j), consistent with reports that human 141

pDC development is IRF8^{hi}-dependent whereas cDC development, depending on the subsets, 142 requires low or high IRF8 expression²¹. In contrast, the CD123⁻(IRF8⁻)CD1a⁻ and CD123⁻ 143 (IRF8⁻)CD1a⁺ subsets did not develop into pDCs and cDCs (Fig. 1i,j), consistent with their 144 reduced CD44 expression (Fig. 1d) as they undergo T-lineage commitment^{20,23}. Overall, these 145 observations indicated that the CD123^{lo}(IRF8^{lo})CD1a⁻ subset, corresponding to the TSP2 and 146 HPC populations, possessed T and DC potential. To further investigate if T cells and DCs have 147 148 a common developmental origin in the human thymus, we performed TCR rearrangement analysis. In humans, $D\delta 2$ - $D\delta 3$ rearrangements within the TCR- δ locus occur first, within the 149 CD34⁺CD7^{lo}CD5^{-/lo}CD1a⁻ thymic progenitors²⁴. We detected comparable frequencies of $D\delta 2$ -150 Dδ3 CD34⁺CD123^{lo}(IRF8^{lo})CD1a⁻ 151 rearrangements in sorted ex vivo and CD34⁺CD123^{hi}(IRF8^{hi})CD1a⁻ subsets as in thymic cDCs and thymic pDCs (Fig. 1k), indicating 152 that human thymic DCs originated from a thymic precursor that has already initiated TCR 153 154 rearrangements and thus received T-lineage inductive signals.

IRF8^{lo} TSP2 and HPC populations also express CD7, a Notch target during early human T cell 155 development^{4,25}. To investigate if Notch signalling was permissive for induction of IRF8 156 expression in TSPs, we exposed human cord blood-derived CD34⁺lin⁻ HSPCs (CB HSPCs 157 hereafter) to Notch ligands. IRF8 expression was only upregulated by DLL1-, DLL4- and 158 JAG2-mediated activation of Notch signalling (Fig. 2a), consistent with the potential of these 159 ligands, but not of JAG1, to induce human T-lineage specification²⁵. Nevertheless, further and 160 sustained IRF8 expression during intrathymic DC development at later stages could be less 161 Notch-dependent⁶. IRF8 protein was significantly induced in CB HSPCs that overexpressed 162 ICN1, a constitutively active form of Notch 1 (Fig. 2b,c). Immunophenotyping indicated that 163 164 IRF8⁺ ICN1-transduced CB HSPCs displayed stronger expression of CD10, which is expressed by the HPC, but not the TSP2 population^{4,13}, and of CD127, compared to control- or IRF8⁻ 165 ICN1-transduced CB HSPCs (Fig. 2d). Although IRF8 expression is promoted by Notch 166

signalling in human TSPs, analogous to murine macrophage development²⁶, IRF8 expression 167 is gradually silenced in the subsequent T cell developmental stages⁴. Continuous high 168 expression of IRF8 inhibited the development of CD7⁺CD5^{hi}CD1a⁺ T cell lineage committed 169 precursors (Fig. 2e-g). GATA3 is a driver of human T-lineage commitment that restrains Notch 170 signalling²⁰. Because IRF8 was positively regulated by Notch signalling (Fig. 2a-d) and 171 intrathymic IRF8 expression decreased with concomitant increased GATA3 expression (Fig. 172 2h), we tested whether silencing of IRF8 was GATA3-mediated. Enforced GATA3 expression 173 in CB HSPCs significantly downregulated endogenous expression of IRF8 RNA and protein 174 (Fig. 2i-k), an effect reversed upon GATA3 knockdown (Fig. 2l). Thus, although IRF8 175 176 expression was permissive for T-lineage specification even at high levels, its silencing by GATA3 was mandatory to drive T-lineage commitment and fine-tuning of IRF8 expression was 177 critical to discriminate between T- and DC-lineage development. 178

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180 Low IRF8 activity promotes early development of T and DC lineages

To examine if low IRF8 expression promoted early T cell development, we transduced CB 181 HSPCs with an empty control or IRF8-ERT2 fusion protein-encoding virus in which IRF8 182 transcriptional activity is regulated through tamoxifen-dependent migration to the nucleus 183 (hereafter HSPC^{IRF8-ERT2}) (Extended Data Fig. 2a). At day 7 of OP9-DLL4 co-culture with 50 184 nM of 4 hydroxytamoxifen (4-OHT), low nuclear IRF8-ERT2 increased the generation of 185 CD7⁺CD5⁺ T cell precursors compared to in the absence of 4-OHT or control transduced CB 186 HSPCs (Fig. 3a,b). However, with higher doses of 4-OHT (100-300 nM), the T cell lineage 187 promoting effect was gradually lost and a population of CD34⁺CD7⁺CD5⁻ cells with gradually 188 increased expression of CD123 developed (Fig. 3a,c), suggesting that low IRF8 expression was 189 beneficial for T-lineage development, whereas high levels skewed differentiation to the DC 190 lineage. To delineate the underlying mechanism, we sorted CD7⁺ cells at day 4 of OP9-DLL4 191

culture for bulk RNA-seq. Although intracellular expression of IRF8-ERT2 was detected 192 without 4-OHT treatment, HSPC^{IRF8-ERT2} cells without 4-OHT had a similar transcriptome 193 compared to control transduced cells (Extended Data Fig. 2b,c). Genes associated with 194 interferon (IFN) signalling were significantly downregulated in 50 nM 4-OHT-treated 195 HSPC^{IRF8-ERT2} compared to control transduced cells (Fig. 3d and Extended Data Fig. 2d), 196 suggesting that inhibition of IFN signalling was important for T-lineage differentiation. 197 Consistently, UCell indicated that the IFN-related gene signature from the bulk RNA-seq 198 analysis was highly enriched in TSPs, but gradually downregulated as they differentiated to 199 become T-lineage specified and committed (Fig. 3e and Extended Data Fig. 2f). Notch target 200 201 genes such as CD3E and DTX1 were consistently upregulated in 50 nM 4-OHT-treated HSPC^{IRF8-ERT2} compared to control transduced cells, although not statistically significant²⁰ 202 (Extended Data Fig. 2e), while TNF was significantly upregulated (Fig. 3d). Using 203 204 complementary ATAC-seq, we found that 92% of the significant changes in chromatin accessibility regions of control-transduced T-lineage specified CD7⁺ cells compared to the 205 206 more immature, non-specified CD34⁺CD7⁻ cells were shared by 50 nM 4-OHT-treated IRF8-ERT2-transduced CD7⁺ cells, which also had more unique changes (Fig. 3f). Transcription 207 factor motif analyses showed that those unique chromatin accessibility changes mostly 208 harboured binding sites for ETS (opened regions) or GATA (closed regions) transcription 209 factors (Extended Data Fig. 2g,h). The 50 nM 4-OHT-treated IRF8-ERT2-transduced CD7⁺ 210 cells appeared to develop further along the T-lineage compared to the CD34⁺CD7⁻ cells from 211 these cultures as a *CEBPE* enhancer, which is essential for granulocytic differentiation, was 212 significantly closed in these cells²⁷ (Fig. 3g). We detected significant opening of the *TNF* core 213 promoter in 50 nM 4-OHT-treated IRF8-ERT2-transduced CD7⁺ cells compared to in the 214 CD34⁺CD7⁻ cells (Fig. 3g). TNF signalling through the TNF receptor 1 (TNFR1) and 2 215 (TNFR2) mediates both common and receptor-specific downstream signalling events²⁸. To 216

clarify how *TNF* expression promoted human T cell precursor generation, we characterized the
expression of TNF and TNFR on different subsets of CD7⁺ cells. Surface expression of TNFR1
was barely detected (Extended Data Fig. 2i,j). In contrast, CD7⁺CD123⁺ progenitor cells coexpressed TNFR2 and tmTNF, while CD7⁺CD5⁺ T cell precursors only expressed TNFR2 (Fig.
3h,i). Our results indicate that low expression of IRF8 in Notch-stimulated HSPCs induces
TNFR2 expression in CD34+CD7+CD123- precursors and induces both TNFR2 and tmTNF
expression specifically in CD34⁺CD7⁺CD123⁺ cells.

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225 CD34⁺CD123⁺IRF8⁺tmTNF⁺ cells promote T-lineage specification

Using previously characterised wild-type and IRF8-deficient human induced pluripotent stem 226 cells (iPSCs)²⁹, we next studied the impact of IRF8 loss on T cell development in the embryonic 227 mesodermal organoid (EMO) system³⁰. IRF8, which is dispensable for the development of 228 CD45⁺CD34⁺ hematopoietic progenitors^{29,} was also dispensable for iPSCs to develop into 229 230 embryonic mesodermal progenitors (EMPs) (Extended Data Fig. 3a,b) that are used to initiate the EMO cultures. IRF8-/- EMPs differentiated into CD7+CD5+ T cell precursors and 231 $CD4^+CD8b^+$ double positive (DP) thymocytes similar as the wild-type $IRF8^{+/+}$ control EMPs 232 (Fig. 4a,b), supporting the hypothesis that IRF8 might indirectly promote early T cell 233 development⁴. Immunophenotyping (at day 14 after initiation of the EMOs), immediately after 234 hematopoietic induction and prior to T-lineage differentiation, indicated that *IRF8*^{-/-} EMPs were 235 severely impaired to differentiate into a subset of CD123⁺CD127⁺TNFR2⁺ HPCs compared to 236 *IRF8*^{+/+} control EMPs (Fig. 4c,d and Extended Data Fig. 237 3c). Wild-type CD123⁺CD127⁺TNFR2⁺ HPCs expressed IRF8 and tmTNF (Fig. 4e), while the few 238 CD123⁺CD127⁺TNFR2⁺ HPCs in the IRF8^{-/-} EMOs had impaired tmTNF expression (Fig. 239 4f,g). Although cleavage of tmTNF could give rise to sTNF¹⁴, we did not detect sTNF in the 240 EMOs (Extended Data Fig. 3d-f) and conditioned medium from EMOs initiated with wild-type 241

IRF8^{+/+} EMPs could not rescue the development of CD123⁺CD127⁺TNFR2⁺ HPCs from *IRF8*⁻ 242 ^{-/-} EMPs (Extended Data Fig. 3g,h). Next, we sorted the CD45⁺CD34⁺CD123⁺TNFR2⁺ subset 243 for limiting dilution co-culture analysis, without staining of CD127 to avoid blockade of its 244 function during development¹³. When cultured in T-stimulating conditions on OP9-DLL4-7FS 245 stromal cells, these progenitors showed a higher potential to differentiate into HLA-246 DR⁺CD123⁺ DC-lineage cells compared to in CD7⁺CD5⁺ and CD4⁺CD8b⁺ T cell precursors 247 (Fig. 4h,i). To investigate if IRF8-dependent HLA-A2⁺CD123⁺CD127⁺tmTNF⁺ progenitors 248 could promote T cell precursor generation from HLA-A2⁻ HSPCs in a non-cell-autonomous 249 manner, we sorted these iPSC-derived CD123⁺ cells and added 1,450 of these cells per artificial 250 thymic organoid (ATO)⁹. Compared to the control ATOs to which no iPSC-derived CD123⁺ 251 cells were added, HSPCs gave rise to more CD7⁺CD5⁺ T cell precursors in the presence of 252 HLA-A2⁺CD123⁺CD127⁺tmTNF⁺ precursors (Fig. 4j,k and Extended Data Fig. 3i-l) and these 253 T cell precursors were more mature, as evidenced by expression of CD1a (Fig. 41) 20 . 254 Collectively, our data showed that IRF8 promoted human T cell precursor generation indirectly 255 256 through cellular crosstalk and through the development of DC-biased tmTNF-expressing CD123⁺CD127⁺TNFR2⁺ progenitors. 257

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259 TNFR2 is induced during human T-lineage specification

We observed that TSP2 and HPC-annotated *ex vivo* immature CD7⁺CD123^{lo}(IRF8^{lo})CD1a⁻ thymocytes had the highest expression of tmTNF compared to the other CD34⁺ thymocyte subsets (Fig. 5a,b and Extended Data Fig. 4a). Compared to TSP2s and HPCs, CD34⁺CD7⁺CD123⁻CD1a⁻ ETP and T-lineage specified thymocytes (subset 4) displayed similar expression of TNFR2 and CD127, but lower tmTNF expression (Fig. 5a,b and Extended Data Fig. 4a). The T-lineage committed CD34⁺CD1a⁺ thymocytes (subset 5) had the lowest expression of tmTNF, but the highest expression of CD127 (Fig. 5a,b and Extended Data Fig.

4a). Because TNF signalling can be modulated by changes in TNFR1 and TNFR2 expression 267 during human aging³¹, we used the ATO system⁹ to characterize the kinetic expression of 268 TNFR1 and TNFR2 during early T cell development on differentiating HSPCs derived from 269 three human ontogenetic stages. At day 2 of culture, only cord blood-derived HSPCs expressed 270 detectable amounts of TNFR1 (Extended Data Fig. 4b) but this was gradually downregulated 271 as HSPCs differentiated along the T-cell lineage (Extended Data Fig. 4b). TNFR1 expression 272 was also hardly detected on the differentiating HSPCs in OP9-DLL4 co-culture assay at day 7 273 (Extended Data Fig. 2i,j) and on ex vivo immature CD34⁺ thymocytes (Fig. 5b). In contrast, 274 TNFR2 expression was induced on buffy coat-derived HSPCs or maintained on CB and foetal 275 276 liver-derived HSPCS (Extended Data Fig. 4c,d), and transiently co-expressed with the Notchdependent CD7 marker²⁵ (Fig. 5c,d), suggesting that TNF signalling was mediated by TNFR2 277 during early human T cell development. Expression of CD5 on TNFR2⁺CD7⁺ cells suggested 278 279 their T lineage identity (Fig. 5e), which was corroborated by the observation that development of TNFR2⁺CD7⁺ cells was impaired in ATO cultures without IL-7 (Fig. 5f,g), resulting in 280 281 expression of CD123 instead of CD5 (Fig. 5h). Given that CD7 expression on hematopoietic progenitors marks loss of myeloid and erythroid potential^{32,33}, our data suggested that such 282 lineage restriction might occur earlier, as TNFR2 expression precedes CD7 induction. In an 283 ATO system spiked with MS5 stromal cells that expressed both human DLL4 and human 284 tmTNF (MS5-DLL4-tmTNF) (Extended Data Fig. 5), TNFR2⁺ HSPCs had higher T cell 285 potential compared to TNFR2⁻ HSPCs (Fig. 5i-k). TNFR2⁺ HSPCs also gave rise to 286 significantly less granulocytes compared to TNFR2⁻ HSPCs when cultured in myeloid-287 stimulating conditions on MS5 stromal cells (Fig. 51,m). Based on the expression kinetics of 288 TNFR2, our results indicate that TNFR2-mediated TNF signalling plays an early role, prior or 289 in parallel to Notch signalling, to steer the development of TSPs to T-lineage specified 290 progenitors. 291

293 TNFR2 targeting enhances human T cell precursor generation

Because robust activation of TNFR2 requires binding of tmTNF instead of sTNF^{34,35}, we tested 294 whether activation of TNFR2-dependent TNF signalling maximized human T cell precursor 295 generation in vitro. We used MS5-DLL4-tmTNF stromal cells to mimic the physiological 296 tmTNF signal provided by CD123⁺CD127⁺ DC-biased progenitors in the conventional ATO 297 system⁹. Unlike sTNF, tmTNF can activate both TNFR1 and TNFR2 upon binding^{34,35}. To test 298 whether a low tmTNF density would allow preferential TNFR2 targeting on differentiating 299 HSPCs while minimizing TNFR1 activation, which is normally downregulated during T-300 lineage development, we assembled ATOs using different MS5-DLL4-tmTNF/MS5-DLL4 301 ratios and examined human CD7⁺CD5⁺ T cell precursor generation. At day 10 of culture, 302 303 cellular output was similar in ATO in which MS5-DLL4-tmTNF represented 1 to 100% of the total MS5 cells compared to control ATO without MS5-DLL4-tmTNF stromal cells (Fig. 6a). 304 305 However, MS5-DLL4-tmTNF, regardless of its frequency in the mix, increased the frequency 306 and yield of CD7⁺CD5⁺ T cell precursors compared to in its absence (Fig. 6b-d). Moreover, we observed a significant linear trend of an inverse correlation between the MS5-DLL4-tmTNF 307 density and the cellular pool of undifferentiated CD34⁺ HSPCs (Fig. 6b-d). A low tmTNF 308 density (1%) expanded CD7⁺CD5⁺ T cell precursors without skewing the differentiation of 309 HSPCs over proliferation (Fig 6d), and the generated CD7⁺CD5⁺CD1a⁺ T cell precursors 310 displayed the lowest HLA-DR expression, similar to in the control ATO that lacks MS5-DLL4-311 tmTNF (Fig. 6e,f).. Because upregulation of HLA-DR is a unique feature of TNFR1-specific 312 signalling³⁶, these observations indicated that provision of tmTNF signal *in vitro* at the 1% 313 314 MS5-DLL4-tmTNF density selectively targeted TNFR2 and maximized the T cell precursor generation per HSPCs. Consistently, the frequency and yield of T cell precursors also increased 315 in an ATO in the absence of MS5-DLL4-tmTNF but with supplementation of EHD2-316

scTNF_{R2}³⁷, a TNF mutein and TNFR2-selective agonist, compared to the control that lacked both the agonist and MS5-DLL4-tmTNF (Fig. 6g,h and Extended Data Fig. 6). Thus, these result show that selective TNFR2 activation promotes early T cell development.

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321 sTNF/TNFR1-specific signalling accelerates T lineage differentiation

sTNF has been used to enhance human T cell precursor generation^{10,11,12} and the sTNF-TNFR1 322 signaling was shown to regulate human HSPCs fate by promoting their differentiation but not 323 their self-renewal³⁸. To test whether the reported promoting effect of sTNF on human T cell 324 precursor generation resulted from the accelerated differentiation of HSPCs at the expense of 325 their maintenance, we used an ATO system with only MS5-DLL4 in which T cell development 326 is supported by a minimum number of cytokines at minimal concentration (IL-7 and FLT3-L 327 at 5 ng/mL)⁹ (Extended Data Fig. 7a). This allowed to determine the effect of sTNF on human 328 T cell precursor generation without interference from cytokines such as SCF and 329 thrombopoietin (TPO), which are known to stimulate HSPC proliferation and are used in other 330 *in vitro* systems^{10,11,12,39}. On day 10 of culture, we observed that sTNF at 0.25, 5 and 100 ng/mL 331 did not improve the total ATO cell yield compared to in the control ATOs that lacked sTNF 332 (Extended Data Fig. 7b). Furthermore, high dose of sTNF (100 ng/mL) significantly decreased 333 the total yield compared to the control without sTNF (Extended Data Fig. 7b). Increasing doses 334 of sTNF were linearly correlated with the depletion of undifferentiated CD34⁺ HSPCs, but 335 inversely correlated with the yield of CD7⁺CD5⁺ T cell precursors (Extended Data Fig. 7c-e). 336 Only the lowest tested dose (0.25 ng/mL) of sTNF significantly increased T cell precursor 337 generation because the CD34⁺ HSPC pool was depleted to the least extent compared to the 338 higher doses of 5 and 100 ng/mL sTNF (Extended Data Fig. 7e).. Overall, this indicated that, 339 in the presence of Notch signalling, HSPCs were dose-dependently steered by sTNF to favour 340 T-lineage differentiation instead of proliferation and that the previously reported positive effect 341

of high dosage of sTNF on human T cell precursor expansion was inadvertently contributed 342 by the activity of other cytokines that counteract the HSPC-depleting effect of sTNF and that 343 were used in those systems^{10,11,12}. Furthermore, sTNF dose-dependently increased HLA-DR 344 expression, a unique feature of TNFR1-specific signalling³⁶, in CD1a⁺ T-lineage committed 345 precursors (Extended Data Fig. 7f,g), which physiologically have minimal expression of this 346 marker²⁰. Because activation of TNFR1 and TNFR2 can induce both common and receptor-347 specific downstream signalling²⁸, our data suggested that low-dose sTNF increased T cell 348 precursor generation by circumventing activation of TNFR1-specific downstream signalling 349 that could lead to aberrant HLA-DR expression and depletion of HSPCs, while retaining the 350 351 activation of downstream signalling common to TNFR1 and TNFR2, which promotes early T cell development in humans. 352

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354 TNF downregulates IFN-related genes in T-cell precursors

To better understand how TNF signalling promoted early T cell development, we performed 355 single-cell RNA sequencing (scRNA-seq) on CB HSPCs differentiated in MS5-DLL4 ATOs 356 supplemented with 0.25 ng/mL sTNF and in MS5-DLL4 ATOs with 1% MS5-DLL4-tmTNF 357 which recapitulates physiological TNFR2 activation to unravel the global impact of TNF 358 signalling compared to on CB HSPCs differentiated in control MS5-DLL4 ATO9s. Following 359 quality control and dimensionality reduction analyses, 26 clusters labelled cluster 0 to cluster 360 25 were identified (Fig. 7a), containing cells derived from all conditions (Extended Data Fig. 361 8a) and at different cell cycle phases (Extended Data Fig. 8b). Annotation of these clusters 362 based on cell-type specific gene markers allowed to depict the heterogeneity present within the 363 differentiating HSPCs, despite being cultured in T cell-stimulating conditions (Fig. 7b). 364 Nevertheless, clusters that annotated as T cell progenitors and that express T-lineage genes such 365 as RAG2, CD1E and BCL11B comprised the biggest population among the differentiating cells⁵ 366

(Fig. 7b,c). Consistent with the effect of TNF signalling on early T cell development, 45.6% 367 368 and 41.5% of the cells labelled as T-progenitors were derived from sTNF-treated (0.25 ng/mL) and MS5-DLL4-tmTNF (1% density) ATOs, respectively (Fig. 7c). scRNA-seq analyses also 369 identified that sTNF and tmTNF had differential impacts on the development of other 370 hematopoietic populations. For example, 62.3% of the cells labelled as macrophages were 371 derived from 0.25 ng/mL sTNF-treated ATOs, whereas 69.5% of the cells labelled as mast cells 372 were derived from MS5-DLL4-tmTNF (1% density) ATOs (Fig. 7c), suggesting that sTNF-373 TNFR1 or tmTNF-TNFR2 signalling in differentiating HSPCs resulted in receptor-specific 374 downstream signalling., We had observed that IRF8 induced tmTNF in DC-biased precursors 375 376 and also reduced expression of IFN-related genes in the IRF8-ERT2 differentiated T cell precursors. Therefore, we analysed the IFN-related gene signature in this scRNAseq dataset 377 and observed that this gene signature was highly enriched in the lymphoid progenitors and in 378 379 the DC populations compared to in T-progenitors (Fig. 7d and Extended Data Fig. 8c). More than 70% of the lymphoid progenitors (clusters 4 and 15) were derived from the control, non 380 381 TNF-stimulated ATOs since T-lineage specification was promoted in both TNF-activated ATOs (0.25 ng/mL sTNF-treated ATOs and MS5-DLL4-tmTNF (1% density) ATOs, Extended 382 Data Fig. 8d). The IFN-related gene expression was downregulated in the TNF-activated 383 lymphoid progenitors from 0.25 ng/mL sTNF-treated ATOs and MS5-DLL4-tmTNF (1% 384 density) ATOs compared to in lymphoid progenitors from the MS5-DLL4 control ATOs (Fig. 385 7e). The expression of these genes was gradually downregulated as TSPs differentiated along 386 the T-lineage (Extended Data Fig. 8e), but was highly enriched in intrathymic DC intermediate 387 populations⁴. These data indicated that, in the presence of Notch signalling, activated TNF 388 signalling helped steer HSPCs towards T-lineage differentiation by inhibiting IFN signalling, 389 which would otherwise support DC-lineage development. 390

Continuous exposure of HSPCs to sTNF was reported to inhibit the development of DP 391 thymocytes¹⁰. To investigate if physiological tmTNF-TNFR2 stimulation resulted in the 392 generation of T cell precursors with enhanced T cell maturation potential compared to sTNF-393 TNFR1 activated cells, we sorted 0.25ng/mL sTNF and 1%tmTNF stimulated CD7⁺ 394 progenitors after 8 days of ATO culture and reaggregated them in secondary MS5-DLL4 ATOs 395 (Extended Data Fig. 8f). In the absence of further TNF stimulus, sTNF-exposed CD7⁺ 396 progenitors generated, on average and after 13 days of secondary culture, 2-fold less DP 397 thymocytes compared to control, non-TNF exposed CD7⁺ progenitors (Fig. 7f,g and Extended 398 Data Fig. 8g,h) although they had significantly higher outputs of CD3⁺TCR $\alpha\beta^+$ and 399 CD3⁺TCR $\gamma\delta^+$ T cells (3,8- and 3,1-fold, respectively) after 25 days of secondary ATO culture 400 (Fig. 7h-j and Extended Data Fig. 8i-l). In contrast, tmTNF-exposed CD7⁺ progenitors (isolated 401 after 8 days of ATO) produced a 2,4-fold higher output of CD4⁺CD8b⁺ DP thymocytes at day 402 403 13 of secondary ATO culture compared to control, non-TNF exposed CD7⁺ progenitors (Fig. 7f,g and Extended Data Fig. 8g,h). At day 25 of secondary ATO culture, tmTNF-exposed CD7⁺ 404 405 progenitors yielded higher outputs of CD3⁺TCR $\alpha\beta^+$ and CD3⁺TCR $\gamma\delta^+$ T cells (8,3- and 4,3fold, respectively, Fig. 7h-j and Extended Data Fig. 8i-l), indicating that tmTNF-TNFR2 406 signalling *in vitro* generates more T cell precursors, that yield more mature T cell progeny 407 compared to induced sTNF-TNFR1 signalling. 408

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410 **DISCUSSION**

411 Our study unravels the physiological significance of intrathymic DC development in supporting 412 early human T cell development, thereby clarifying their in situ intrathymic development from 413 TSPs.. We showed that the DC- and T-lineages were concurrently primed in TSPs that 414 expressed low levels of IRF8. Consistent with the presence in the thymus of CD34⁺IRF8^{hi} DC 415 precursors and mature pDCs and cDCs that display *TCRD* gene rearrangements, we showed

that TSP2- and HPC-annotated CD34⁺CD123^{lo}IRF8^{lo} human thymocytes were bi-phenotypic, 416 had initiated TCRD rearrangements and had the potential to develop into T- and DC-lineage 417 cells⁴. Physiologically, we found that IRF8 expression in human HSPCs was upregulated 418 following Notch signalling though Notch ligands (DLL1, DLL4 and JAG2) that can induce 419 human T-lineage specification²⁵. Furthermore, although IRF8 was reported as a marker for 420 human DC-lineage specification¹⁷, we found that enforced expression of IRF8 in human HSPCs 421 422 was permissive for T-lineage specification. Overall, our study indicates that activation of Notch signalling in human TSPs not only induced T cell development but also supported DC-lineage 423 differentiation through the induction of IRF8 expression. 424

425 DLL1-dependent Notch signalling was shown to promote in vitro differentiation of cDCs from both mouse and human hematopoietic progenitors^{40,41}. However, single-cell analysis of the 426 earliest CD117-expressing murine thymic progenitors did not uncover a developmental 427 trajectory of DC-lineage cells^{5,42}. Although thymic DCs exist in the murine thymus, they appear 428 to be derived from CD117⁻ thymic progenitors that do not sustain T cell development at 429 physiological steady state^{43,44,45}. Thus, murine thymic DCs seem to have a separate 430 developmental origin compared to T cells and we also did not detect IRF8 protein in these 431 CD117-expressing murine thymocytes. The rationale for this absence of IRF8 expression and 432 433 of the correlated developmental trajectory of the DC-lineage from the murine counterparts of human CD34⁺ thymocytes is unclear. Nevertheless, this further highlights that the downstream 434 435 Notch network during early T cell development is different in human compared to in mice, in addition to the known differences in Notch activation status¹⁸. Physiologically, we found that 436 IRF8 expression was silenced by GATA3, which restrains Notch signalling to induce human 437 T-lineage commitment²⁰. Hence, the unique expression of intrathymic IRF8 might necessitate 438 and explain the earlier peak in the kinetic expression profile of GATA3 compared to other 439 440 critical T-lineage transcription factors, such as TCF7 and BCL11B, during the ETP and

specification stages of human T cell development and this results in altered dynamics of the
activity of these factors compared to what has been described in mice^{4,20,46,47}.

To date, thymus-residing human DCs have been described to support thymocyte selection and 443 maturation^{2,3}. Our work demonstrated that intrathymic DC progenitors (TSP2 and HPC-444 annotated CD34⁺ thymocytes) had an early role in promoting human T-lineage specification. 445 Consistent with IRF8 expression being linked to the intrathymic DC potential of human T cell 446 447 precursors, we could genetically demonstrate that the development of CD123⁺CD127⁺ DCbiased progenitors and their expression of tmTNF were IRF8-dependent. Our work also 448 showed that these DC-biased progenitors and T cell precursors arose from differentiating 449 450 human HSPCs that expressed TNFR2 in a Notch-stimulating microenvironment, thereby further consolidating that intrathymic DC and T cells share a common developmental origin. 451 However, T cell precursors that were IRF8-independent did not express tmTNF, and their 452 expansion via TNFR2 activation was instead mediated by cellular cross-talking with tmTNF-453 expressing DC-biased progenitors. Importantly, we clarified that tmTNF, instead of sTNF, was 454 455 the physiological thymic signal that lead to activation of TNF signalling through TNFR2, 456 instead of TNFR1, to ensure generation of developmentally competent human T cell precursors. sTNF was reported to enhance human T cell precursor generation in vitro^{10,11,12,13}. However, 457 458 we found that sTNF activated TNFR1-specific downstream signalling and lead to exhaustion of HSPCs and accelerated differentiation into T-lineage committed human precursors that 459 displayed aberrant HLA-DR expression since ex vivo T-lineage committed thymocytes have 460 minimal expression of this cell surface marker^{36,38}. We showed that although sTNF-TNFR1 461 activation could partially mimic the physiological tmTNF-TNFR2 axis in promoting early T 462 463 cell development, which might involve suppression of IFN signalling, TNFR2-specific downstream signalling events seem important to ensure that the generated T cell precursors are 464 developmentally competent. Since HSPCs from foetal liver and CB display increased TNFR2 465

expression compared to adult HSPCs, the requirement for TNFR2-specific activation to ensure 466 467 efficient T cell development may explain the faster and more efficient T cell development from foetal compared to adult HSPC sources^{48,49,50}. TNFR2 is also known to uniquely mediate the 468 PI3K-AKT-mTOR pathway, which has been implicated in the development of DP 469 thymocytes^{51,52} and the pathogenesis of T cell acute lymphoblastic leukaemia^{28,53}. Hence, 470 further delineation of the downstream pathways of TNFR2-mediated physiological TNF 471 signalling that are involved in the development of human T cell precursors by multi-omics 472 approaches could improve our understanding of their malignant transformation during 473 leukemogenesis. 474

475 We demonstrated that selective targeting of TNFR2, by presenting tmTNF at low density or by using a TNFR2-specific agonist, enhanced human T cell precursor generation. This provides a 476 proof-of-concept to apply selective targeting of TNFR2 to maximize the *in vitro* generation of 477 bona fide T cell precursors for clinical applications such as immune reconstitution and 478 immunotherapy. Currently, TNFR2 agonists have been in active development with the aim to 479 treat inflammatory and autoimmune diseases²⁸. Future study is warranted to explore the 480 possibility of repurposing these agonists to unleash the full potential of in vitro T cell 481 development for therapeutic purpose. 482

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505 AUTHOR CONTRIBUTIONS

K.L.L. conceived the study, designed and performed experiments, analysed data and wrote the 506 manuscript. J.R. analysed bulk ATAC-seq data. M.L. and T.P. analysed the previously 507 published scRNA-seq data. T.P. and L.B. analysed the scRNA-seq data generated in this study. 508 L.T. analysed bulk RNA-seq data. I.V. assisted to set up experiments. I.V.W. performed an 509 experiment related to regulation of IRF8 expression. J.V., B.V., G.L., P.V.V. and C.L. provided 510 reagents. F.V.N provided expertise in ATAC- and RNA-seq. V.P., R.F., R.E.K. and K.P. 511 provided TNFR2-selective TNF mutein (EHD2-scTNF_{R2}). G.D. provided IRF8-related 512 constructs. S.S. and M.Z. provided IRF8^{+/+} and IRF8^{-/-} iPSCs. T.T. supervised the study, 513

designed experiments, and wrote the manuscript. All authors have seen, reviewed and approvedthe final version of the manuscript.

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517 COMPETING INTERESTS

518 K.L.L. and T.T. have filed a PCT application (PCT/EP2022/063712: Generating T cell 519 precursors via agonizing tumour necrosis factor receptor 2) with the European Patent Office on 520 20^{th} May 2022. K.P., R.F. and R.E.K. are named inventors on a patent covering the TNFR2-521 specific agonist (EZH2-scTNF_{R2}). R.F. and R.E.K. received funding from Resano, a company 522 which has licenced the technology to generate TNFR2-specific agonist. R.E.K. is a consultant 523 for Immatics, Oncomatryx, Roche and SunRock . K.P. is a consultant for Oncomatryx, Resano 524 and SunRock. The remaining authors declare no competing interests.

525

526 FIGURE LEGENDS

527 Fig. 1 | TSP2- and HPC-annotated CD34⁺ human thymocytes express low levels of IRF8

528 and are bi-phenotypic and potent for T- and DC-lineages.

529 a, mRNA expression of *IRF8* and *IL3RA* for the previously annotated populations of human CD34⁺ thymocytes⁴. The number of cells for each population is indicated above the violin plot. 530 **b-d**, Flow cytometric gating of *ex vivo* $lin^{-}CD4^{-}CD34^{+}$ thymocytes (*n*=8) based on their 531 expression level of IRF8 and CD1a (b), frequencies in a base-10 log scale (c) and their protein 532 expression profiles (d) of the cellular subsets (n=8) identified in b. e, Heatmap illustrating the 533 relative mRNA expression of the additional markers shown in **d** for the annotated CD34⁺ 534 535 thymocyte populations that correspond to the cellular subsets identified in b. f, Protein expression profile of $lin^{-}CD34^{+}$ thymocytes for PU.1 and CD123 (*n*=2), coloured to 536 display median fluorescence intensity of IRF8 (left) and GATA3 (right). The arrow head 537

indicates IRF8¹⁰ cells at the bifurcation of T- and DC-lineages. g,h, Flow cytometry analysis to 538 identify CD45⁺CD7⁺CD5^{hi} T cell precursors (n=3), derived from the OP9-DLL4 co-culture of 539 the sorted subsets at day 7 (g), and their normalized absolute counts (h). i, j, Flow cytometry 540 analysis to identify CD45⁺HLA-DR⁺CD1c⁺ cDCs and CD45⁺HLA-DR⁺CD123⁺ pDCs (*n*=3), 541 derived from the OP9 co-culture of the sorted subsets at day 7 (i), and their normalized absolute 542 counts (j). k, The relative frequency of TCRD rearrangement, in a base-10 log scale, detected 543 in the sorted immature (n=2 except n=3 for CD123^{hi}CD1a⁻ subset) and mature (n=3 for cDCs, 544 pDCs, B cells and αβ T cells) ex vivo hematopoietic cells. HL-60 is a promyelocytic leukaemia 545 cell line (negative control). Data are representatives of eight (b), two (d,f) and three (g,i) 546 547 independent experiments. Data are presented as mean \pm s.d. of eight (c), three (h,j) and one (k: CD123^{hi}CD1a⁻ subset and mature cells) independent experiments. Data are presented as mean 548 of one experiment (k: immature cells except CD123^{hi}CD1a⁻ subset). Data are analysed by two-549 550 way ANOVA with Šídák's multiple comparisons test (j). n, biological replicates (c,h,j,k); exact P values are provided in the Source data. 551

552

Fig. 2 | IRF8 expression is induced during human T-lineage specification but is silenced in the subsequent commitment stage.

a, Relative mRNA expression of *IRF8* for cord blood HSPCs (*n*=2), co-cultured for 3 days on 555 OP9 stromal cells that express green fluorescent protein (GFP) only (control) or different 556 human Notch ligands. b-d, Flow cytometric analysis of IRF8 expression in sorted lin-557 $CD34^+GFP^+$ cord blood HSPCs (n=5) that were transduced with empty vector (control) or ICN1 558 (b). Frequency of IRF8⁺ cells (n=5) identified in b (c). Expression of CD10 and CD127 for the 559 IRF8⁻ and IRF8⁺ fractions identified in **b** (**d**). **e-g**, Flow cytometric staining for 560 CD45⁺CD7⁺CD5^{lo} and CD45⁺CD7⁺CD5^{hi} T cell precursors, generated from control and IRF8 561 transduced cord blood-derived HSPCs, in OP9-DLL4 co-culture (n=3) at day 14 (e). Frequency 562

of T cell precursors (n=3) identified in e (f) and their expression for CD1a (g). h, Flow 563 564 cytometric staining of IRF8 and GATA3 expression in *ex vivo* human thymic progenitors (*n*=8). i-k, IRF8 expression, at mRNA (i: *n*=3) in a base-10 log scale and protein levels (j,k: *n*=4), in 565 sorted lin⁻CD34⁺GFP⁺ HSPCs that overexpressed empty vector (control) and GATA3 at day 2 566 post transduction. I, mRNA expression of IRF8 and GATA3 in empty vector (control) and 567 568 GATA3 short hairpin RNA (shRNA)-expressing HSPCs (n=3) at day 2 post transduction. Data 569 are representatives of two (**b**,**d**,**e**,**g**,**j**) and eight (**h**) independent experiments. Data are presented as mean of two independent experiments (a). Data are presented as mean±s.d. of two 570 independent experiments (c,f,i,k,l). Data are analysed by two-tailed paired t test (c,i,k,l) and 571 two-way ANOVA with Šídák's multiple comparisons test (f). n, biological replicates 572 (**a**,**c**,**f**,**i**,**k**,**l**); exact *P* values are provided in the Source data. 573

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Fig. 3 | Low dose of active IRF8 promotes generation of tmTNF-expressing CD7⁺CD123⁺ progenitors and T cell precursors.

577 **a-c**, Flow cytometric analyses of the transduced cells (n=4) treated without or with increasing doses of 4-OHT at day 7 post OP9-DLL4 co-culture. T cell precursors were identified as 578 CD45⁺GFP⁺CD7⁺CD5⁺ whereas the CD45⁺GFP⁺CD7⁺CD5⁻ cellular fraction was examined 579 580 further to identify cells that co-express CD34 and CD123 (a). Absolute counts of CD7⁺CD5⁺ T cell precursors (b) and CD7⁺CD123⁺ progenitors (c) identified in a. d, Bulk RNA-seq analysis 581 to determine IRF8-mediated changes in the transcriptional landscape of CD45⁺GFP⁺CD7⁺ 582 cells (n=3) at day 4 post OP9-DLL4 co-culture. Genes that were significantly downregulated 583 584 in the presence of low dose ofactive IRF8 constituted the IFN-related gene signature. e, IFN-585 related gene signature was scored in the previously annotated populations of ex vivo CD34⁺ thymocytes⁴. f,g, ATAC-seq (n=3) analysis to identify IRF8-mediated changes in the chromatin 586 accessibility landscape of CD45⁺GFP⁺CD34⁺CD7⁻ and CD45⁺GFP⁺CD7⁺ cells at day 4 post 587

OP9-DLL4 co-culture (f). Genome browser view of ATAC-seq footprint around the CEBPE 588 589 and *TNF* gene locus (g). h,i, Flow cytometric analysis (n=3) to examine the expression of tmTNF and TNF receptor 2 (TNFR2) during early T cell development at day 7 post OP9-DLL4 590 co-culture (h) and their expression patterns were quantified proportionally (i). Data are 591 presented as mean±s.d. of three (b,c) and one (i) independent experiments. Data are 592 representatives of three (a) and one (h) independent experiments. Data are analysed by one-593 594 way ANOVA with Dunnett's multiple comparisons test (b,c) and two-way ANOVA with Šídák's multiple comparisons test (i). n, biological replicates (b,c,i); exact P values are provided 595 in the Source data. 596

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Fig. 4 | IRF8-dependent DC-biased CD123⁺CD127⁺ progenitors express tmTNF and augment generation of T cell precursors via cellular crosstalk.

600 **a,b**, At day 14 post T cell differentiation of EMO cultures, CD7⁺CD5⁺ T cell precursors and the more mature CD4⁺CD8b⁺ subset were identified by flow cytometric analysis (a) and 601 602 quantified in a base-10 log scale (b) (n=4 per genotype). c,d, Flow cytometric analysis to determine the impact of IRF8 loss on the generation (c) and cellular yield (d) of 603 TNFR2⁺CD123⁺CD127⁺ hematopoietic progenitors (n=8 per genotype). e, Characterization of 604 IRF8 (left) and tmTNF (right) expression in CD123⁺CD127⁺ versus CD123⁻CD127⁻ cells 605 within CD45⁺CD34⁺TNFR2⁺ gated *IRF8*^{+/+} precursors (*n*=4). **f.g.** Comparison (g) and 606 $IRF8^{+/+}$ IRF8^{-/-} quantification of tmTNF expression (**h**) in versus 607 $CD45^{+}CD34^{+}TNFR2^{+}CD123^{+}CD127^{+}$ gated precursors (*n*=4 per genotype). **h**,**i**, 10, 25, 50 and 608 100 of iPSC-derived TNFR2⁺CD123⁺ hematopoietic progenitors were sorted for co-culture 609 with OP9-DLL4-7FS stromal cells. At day 14, flow cytometric analysis were performed to 610 identify cells of T- and DC-lineages (h), and lineage potential of the sorted cells was determined 611 (i). j-l, At day 10 post ATO cultures, flow cytometric analyses to identify CD7⁺CD5⁺ T cell 612

precursors generated from cord blood-derived lin⁻CD34⁺CD38⁻ HSPCs (n=3; HLA-A2⁻) or 613 iPSC-derived TNFR2⁺CD123⁺ hematopoietic progenitors (HLA-A2⁺) (j). Relative 614 quantification of the frequency and number of T cell precursors (n=3) generated from HLA-615 $A2^{-}$ HSPCs in the spiked-ATOs compared to the control (k) and flow cytometric analysis of 616 their CD1a expression (I). Data are presented as mean \pm s.d. of one (**b**,**k**), three (**d**) and two (**g**) 617 618 independent experiments. Data are representatives of one (a,h,j,l), three (c) and two (e,f) independent experiments. Data are analysed by two-tailed paired t test (d,g) and one sample 619 two-tailed t test (k). CI, confidence interval; FC, fold change; n, pool of 2 EMOs (b,d,g) and 620 biological replicates (k); exact P values are provided in the Source data. 621

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Fig. 5 | TNFR2 expression precedes induction of CD7 during early human T cell development.

a,**b**, Flow cytometric analysis to identify 5 cellular subsets (labelled 1-5) of *ex vivo* lin⁻CD4⁻ 625 CD34⁺ thymocytes (a). The developmental relationship (left) of all cellular subsets identified 626 627 in a and their expression of TNFR1, TNFR2, tmTNF and CD127 (right; n=4) (b). c-e, Flow cytometric analysis of ATO cultures (CD45⁺ gated) that were assembled using HSPCs derived 628 from human fetal liver (CD34^{hi}CD45⁺; n=2), cord blood (lin⁻CD34⁺CD38⁻; n=2) or adult buffy 629 630 coats (lin⁻CD34⁺; n=4) (c). Quantification of the proportional changes in the 4 cellular subsets shown in c throughout the culture period (d). Expression of CD5 on the 4 cellular subsets of 631 buffy coat-ATOs shown in c at day 10 post culture (e). f-h, At day 10 post culture, cord blood-632 ATOs (lin⁻CD34⁺CD38⁻; n=3) supplemented with and without IL-7 were immunophenotyped 633 for the expression of TNFR2 and CD7 (f), and proportional changes in the 4 cellular subsets 634 were quantified (g). The TNFR2⁺CD7⁺ subset was examined further for the expression of CD5 635 and CD123 (h). i-m, Expression of TNFR2 (left) and CD38 (right) on TNFR2⁻ and TNFR2⁺ 636 fractions that were sorted from cord blood lin⁻CD34⁺ HSPCs (i).Flow cytometric analysis of 637

TNF-activated ATO cultures at day 10, that were assembled using TNFR2⁻ and TNFR2⁺ 638 fractions (n=3), to identify CD7⁺CD5⁺ T cell precursors (**j**) and their absolute counts (**k**). Flow 639 cytometric analysis of TNFR2⁻ and TNFR2⁺ fractions (n=3), that were co-cultured with MS5 640 stromal cells, to identify CD15⁺CD14⁻ granulocytes, CD15⁻CD14⁺ monocytes and CD34⁺ 641 immature progenitors (I), and their absolute counts (m). ATOs from each ontogenetic stage 642 (data are presented as mean for fetal liver- and cord blood-ATOs, and as mean±s.d. for buffy 643 644 coat-ATOs) were assembled and analysed independently (d). Data are presented as mean±s.d. (**b**,**g**,**k**,**m**) and representatives (**a**,**c**,**e**-**f**,**h**-**j**,**l**) of one experiment. Data are analysed by one-way 645 ANOVA with linear trend test for each subset of buffy coat-ATOs (d), two-way ANOVA with 646 647 Šídák's multiple comparisons test (g,m) and two-tailed paired t test (k). *n*, biological replicates (**b**,**d**,**g**,**k**,**m**); exact *P* values are provided in the Source data. 648

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Fig. 6 | Selective targeting of TNFR2 enhances *in vitro* generation of T cell precursors.

a, Absolute counts of CD45⁺ cells (n=4) harvested from an ATO, that was aggregated with a 651 652 normalized amount of 7,500 lin⁻CD34⁺CD38⁻ cord blood HSPCs, at day 10 post culture. **b-d**, Flow cytometric identification of CD45⁺CD7⁺CD5⁺ T cell precursors (n=4) that were generated 653 from HSPCs (b), of which some remained undifferentiated and expressed CD34 (c). 654 Quantification of the impact of tmTNF density on the cell counts of T cell precursors and 655 undifferentiated CD34⁺ HSPCs compared to the control (d). e,f, Flow cytometric analysis of 656 HLA-DR expression on CD1a-expressing T-lineage committed precursors (e) and 657 quantification of the cellular fractions (n=4) that were positive (f). g,h, Flow cytometric analysis 658 of ATO cultures (adult buffy coat lin⁻CD34⁺; n=7) at day 10 to determine the impact of 10 659 ng/mL EHD2-scTNF_{R2} (TNFR2 selective agonist) and 1% tmTNF density on the generation of 660 CD45⁺CD7⁺CD5⁺ T cell precursors (g). Relative quantification of the frequency (left) and cell 661 counts (right) of T cell precursors (n=7) generated in TNFR2-activated conditions compared to 662

the control (**h**). Data are presented as mean \pm s.d. (**a**,**d**,**f**,**h**) and representatives (**b**,**c**,**e**,**g**) of two independent experiments. Data are analysed by one-way ANOVA with linear trend test (**d**: P < 0.0001 for undifferentiated CD34⁺ HSPCs), two-tailed Friedman test with Dunnett's posthoc analysis (**f**) and one sample two-tailed t test (**h**). *n*, biological replicates (**a**,**d**,**f**,**h**); exact *P* values are provided in the Source data.

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Fig. 7 | TNF-activated lymphoid progenitors downregulates expression of IFN-related genes and are competent in T-lineage development.

671 **a-c**, UMAP visualization of the 26 cellular clusters (labelled 0 to 25) comprising CD45⁺ differentiating cells derived from ATOs without (control) and with TNF stimulus (sTNF at 0.25 672 ng/mL or tmTNF density at 1%) after 10 days of culture (a). All clusters identified in a were 673 annotated based on their expression profiles of cell type-specific marker genes shown in the dot 674 plot (b). The frequency of all the annotated populations of hematopoietic cells (top) and the 675 676 relative distribution of cells derived from different ATO conditions in each of these populations 677 (bottom) (c). d,e, UMAP visualization of the enrichment of IFN-related gene signature across all the cellular clusters (d). Clustered heatmap shows the average expression of IFN-related 678 genes by lymphoid progenitors (cluster 4 and 15) derived from different ATO conditions (e). 679 f,g, Flow cytometric analysis at day 13 post secondary ATO cultures (n=5) to identify 680 CD4⁺CD8b⁺ thymocytes (f). Relative quantification of the frequency (left) and cell counts 681 (right) of $CD4^+CD8b^+$ thymocytes (n=5) derived from TNF-activated $CD7^+$ progenitors 682 compared to the control (g). h-j, Flow cytometric analysis at day 25 post secondary ATO 683 cultures (*n*=5) to identify CD3⁺TCR $\alpha\beta^+$ and CD3⁺TCR $\gamma\delta^+$ T cells (**h**). Relative quantification 684 of the frequency (left) and cell counts (right) of CD3⁺TCR $\alpha\beta^+$ (i) and CD3⁺TCR $\gamma\delta^+$ (j)T cells 685 (n=5) derived from TNF-activated CD7⁺ progenitors compared to the control. Data are 686 presented as mean \pm s.d. (g,i,j) and representatives (f,h) of two independent experiments. Data 687

are analysed by one sample two-tailed t test (i,j). n, biological replicates (g,i,j); exact P values

689 are provided in the Source data.

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881 OP9 stromal cells that express GFP only (control) and human Notch ligands were generated 882 and cultured as described previously^{25,54}. Jurkat and HL-60 cell lines (ATCC) were cultured as 883 described previously^{55,56}. OP9-DLL4-7FS stromal cells (Zúñiga-Pflücker lab⁵⁷) that express 884 human IL-7, SCF and FLT3-L were cultured in MEM α medium containing 5% fetal calf serum 885 (FCS), 100 units/mL penicillin, 100 µg/mL streptomycin and 2 mM L-glutamine. MS5^{58,59}, 886 previously generated MS5-DLL4⁷¹ and MS5-DLL4/tmTNF (generated herein) stromal cells 887 were cultured in MEM α medium containing 10% FCS, 100 units/mL penicillin and 100 µg/mL streptomycin. $IRF8^{+/+}$ and $IRF8^{-/-}$ human iPSCs (Zenke lab: corresponding to iPS2²⁹) are cultured as described previously. All cell lines were periodically checked for mycoplasma contamination. Information for reagents is provided in Supplementary Table 1.

891

892 Isolation of human hematopoietic and thymic progenitors

Postnatal thymus was obtained from patients undergoing cardiac surgery with informed consent 893 894 of parents or guardians. Umbilical cord blood and adult buffy coats were also obtained with informed consent of donors. Fetal liver was obtained from legally interrupted pregnancies with 895 896 informed consent of the parents. All human cells and tissues were used with permission of and according to the guidelines of the Medical Ethical Commission of Ghent University Hospital, 897 Belgium. Mononuclear cells from thymic total cell suspension, cord blood and buffy coats were 898 isolated by Lymphoprep density gradient centrifugation⁶⁰. Subsequently, CD34⁺ cells were 899 enriched by magnetic-activated cell sorting. Further processing of CD34-enriched cells for 900 901 downstream experiments is described in the relevant methods. Fetal liver cells, after thawing, were labelled directly with fluorochrome-conjugated antibodies for sorting without CD34 902 enrichment (Supplementary Fig. 1). Information for reagents is provided in Supplementary 903 Table 1. 904

905

906 Isolation of murine thymocytes

907 C57BL/6 mice were kept under specific pathogen-free conditions, with free access to food and 908 water at all times, in individually ventilated cages in a controlled day-night cycle. Whole thymi 909 were isolated from 5 weeks old C57BL/6 mice that had been euthanized with approval of and 910 according to the guidelines of the Medical Ethical Commission of Ghent University Hospital 911 on animal welfare, and grinded directly onto a pre-wet cell strainer to generate single cell 912 suspension. CD8 β -expressing thymocytes were labelled and depleted using streptavidin 913 microbeads. CD8 β -depleted thymocytes were used for surface and intracellular flow cytometric 914 staining. Information for reagents and antibodies is provided in Supplementary Table 1 and 2 915 respectively.

916

917 Isolation of human immune cells

To isolate thymic cDCs pDCs, two rounds of negative selection were performed on 918 mononuclear cells derived from thymic total cell suspension. Cells were first stained with 919 unconjugated anti-CD3 and anti-CD8a antibodies, and depleted by using Dynabeads Sheep 920 anti-Mouse IgG. Subsequently, cells that express different lineage markers (lin: CD3, CD14, 921 CD19 and CD56) or CD34 were also labeled and depleted by using streptavidin microbeads. 922 Finally, the remaining cells were stained with antibodies against CD45, CD123, CD1c and 923 HLA-DR to allow sorting of cDCs (lin⁻CD34⁻CD45⁺HLA-DR⁺CD123⁻CD1c⁺) and pDCs (lin⁻ 924 CD34⁻CD45⁺HLA-DR⁺CD123⁺CD1c⁻) (Supplementary Fig. 2a). To isolate CD19⁺ B cells and 925 926 $CD3^{+}TCR\alpha\beta^{+}$ T cells, cord blood-derived mononuclear cells were stained with antibodies against CD19, CD3 and TCRαβ (Supplementary Fig. 2b,c). Human FcR blocking reagent was 927 used to minimize non-specific antibody binding. Information for reagents and antibodies is 928 provided in Supplementary Table 1 and 2 respectively. 929

930

931 Visualization of previously published scRNA-seq data

The *ex vivo* human CD34⁺ thymocyte scRNA-seq dataset was generated previously⁴. To visualize the expression of *IRF8* and *IL3RA*, violin plots of log2-transformed scRNA-seq count data were generated using the ggplot2 library in R. Heatmaps visualizing pseudobulk scRNAseq count data were generated by summing the counts for individual cells within an

annotated population using the sumCountsAcrossCells function from the Scater library⁶¹. 936 Subsequently, size factors were calculated using the DESeq2 library⁶² and biological replicates 937 were averaged. Finally, the data was scaled using the scale minmax function from the dynutils 938 library and visualized using the pheatmap library where genes were clustered by using the 939 Ward.D2 algorithm. UCell⁶³ was used to score the IFN-related gene signature. The average 940 expression values for the IFN-related genes were calculated using the AverageExpression 941 function from the Seurat library⁶⁴ and visualized in a heatmap that was constructed using the 942 pheatmap library in R. 943

944

945 Surface and intracellular flow cytometric staining

To immunophenotype ex vivo human thymic progenitors, CD34-enriched cells were first 946 stained with antibodies against lineage markers (lin: as defined above), CD4, CD34 and CD1a. 947 Subsequently, dead cells were labeled by fixable viability dye eFluor506. Surface-stained cells 948 were then fixed and permeabilized using Foxp3 Transcription Factor Staining Buffer Set in 949 950 order to allow intracellular staining of IRF8. Antibodies against surface (CD5, CD7, CD44, CD117, CD123, CD127, CD135 and HLA-DR) and intracellular (CD3, GATA3 and PU.1) 951 markers were fit into the existing staining panel, individually or in combination, depending on 952 the fluorochrome compatibility. Human FcR blocking reagent was included in the staining. 953 Tandem signal enhancer was used to brighten up intracellular signals. 954

To immunophenotype *ex vivo* murine immature thymocyte, CD8β-depleted thymocytes were stained with antibodies against markers of different lineages (lin: CD122, CD19, NK1.1, CD11b, F4/80, TCRγδ, Gr-1, TER119, CD3e, CD8a and CD11c. Antibodies against c-Kit, CD25 and CD44 were included in the surface staining panel to label different subsets of thymic progenitors (ETP: lin⁻CD44⁺c-Kit^{hi}CD25⁻; DN1 25₁₀: lin⁻CD44⁺c-Kit^{hi}CD25^{lo}; DN2a: lin⁻ 960 CD44⁺c-Kit^{hi}CD25^{hi} and DN2b: lin⁻CD44⁺c-Kit^{lo}CD25^{hi})⁸⁰. Dead cells were labelled as 961 described above. The surface-stained cells were then fixed and permeabilized as described 962 above in order to allow intracellular staining of IRF8 and GATA3. Mouse FcR blocking reagent 963 was used throughout the staining.

Other experiments that involved detection of intracellular markers were performed using similar steps. For analyses that involved cell surface staining only, dead cells were labelled by propidium iodide. For analyses of cells harvested from co-culture experiments, both human and mouse FcR blocking reagents (Miltenyi Biotec) were used. Precision count beads were used where applicable to obtain an absolute cellular count. Information for reagents and antibodies is provided in Supplementary Table 1 and 2 respectively.

970

971 Viral constructs and transduction

972 LZRS-IRES-EGFP (empty vector), LZRS-GATA3-IRES-EGFP, LZRS-ICN1-IRES-EGFP, 973 pLKO.1-EGFP (empty vector), pLKO.1-GATA3 shRNA-EGFP and LZRS-DLL4-IRES-EGFP were constructed and described previously^{20,56,65,66}. To generate LZRS-IRF8-IRES-EGFP, the 974 IRF8 insert was released from pIRES2-EGFP-IRF8 by BglII-EcoRI digestion and ligated into 975 976 the empty vector with BamHI site being destroyed⁶⁷. To generate LZRS-IRF8-ERT2-P2A-EGFP, IRF8 was first PCR-amplified from pIRES2-EGFP-IRF8 with the addition of 5'-BglII 977 978 and 3'-XhoI sites, and the omission of stop codon. Subsequently, the PCR-amplified IRF8 insert was ligated into BamHI- and XhoI-digested LZRS-ERT2-P2A-EGFP (courtesy of Karin 979 Weening, Ghent University where the IRES-EGFP sequence in the empty vector was replaced 980 by ERT2-P2A-EGFP sequence using the GeneART Strings DNA fragment from Thermo Fisher 981 Scientific)⁶⁸. To generate LZRS-TNF-IRES-BFP, human TNF sequence (NM 000594.4: 178-982 879 bp) was released from the customized gBlock gene fragment from IDT by BamHI-EcoRI 983

digestion and ligated into LZRS-IRES-BFP. IRF8 and TNF sequences in the newly generated 984 985 constructs was validated by Sanger sequencing (Eurofins Genomics). Cell culture supernatants containing retro- (LZRS vectors) and lenti- (pLKO.1 vectors) viral particles were generated and 986 used for transduction as described previously^{20,56}. CD34-enriched cells were pre-stimulated 987 with SCF (100 ng/mL), TPO (20 ng/mL) and FLT3-L (100 ng/mL) for 2 days prior transduction 988 with the use of RetroNectin reagent. Spinfection was performed at 890 x g for 90 minutes at 32 989 °C. At day 2 post transduction, cells were stained with antibodies against lineage markers (lin: 990 as defined above) and CD34. lin⁻CD34⁺GFP⁺ HSPCs were sorted for immediate analysis or for 991 downstream experiments (Supplementary Fig. 3a-c). For experiments that involved IRF8-992 993 related constructs, transduced HSPCs were also stained with antibody against CD123 and sorted for CD123⁻lin⁻CD34⁺GFP⁺ (Supplementary Fig. 3d,e). To generate MS5-DLL4/tmTNF stromal 994 cells, MS5 cells were transduced with DLL4 (EGFP)- and TNF (BFP)-encoding retroviral 995 996 particles with the use of RetroNectin reagent and spinfection. At day 2 post transduction, MS5 cells were sorted based on co-expression of GFP and BFP. Expression of DLL4 and tmTNF 997 998 were validated by flow cytometry. Information for reagents and antibodies is provided in Supplementary Table 1 and 2 respectively. 999

1000

1001 **OP9 and MS5 co-cultures**

To study the regulation of *IRF8* expression by Notch signalling, lin⁻CD34⁺ HSPCs were sorted
and co-cultured with OP9 stromal cells that express GFP only (control) or human Notch ligands.
The co-culture medium used was described previously and supplemented with SCF, FLT3-L
and IL-7 (all 5 ng/mL) to promote T cell development⁵⁴. At day 3, differentiating CD45⁺ HSPCs
were sorted for analysis by quantitative reverse transcription PCR (RT-qPCR).

To determine the developmental potential of CD123-expressing thymic progenitors, thymic 1007 1008 CD34-enriched cells were stained with antibodies against the lineage markers (lin: as defined above), CD4, CD34, CD123 and CD1a, and sorted into 4 subsets (lin⁻CD4⁻CD34⁺: 1009 CD123^{hi}CD1a⁻, CD123^{lo}CD1a⁻, CD123⁻CD1a⁻ and CD123⁻CD1a⁺). All subsets were co-1010 cultured with OP9 stromal cells that express GFP only or DLL4. OP9 co-cultures were 1011 supplemented with 20 ng/mL SCF, 100 ng/mL FLT3-L and 20 ng/mL granulocyte-macrophage 1012 1013 colony-stimulating factor (GM-CSF) to induce dendritic cell development. OP9-DLL4 cocultures were supplemented with T-stimulating cytokines as described above. 1014

To investigate the impact of constitutive IRF8 expression on T cell development, CD34enriched cells were transduced with LZRS-IRES-EGFP (control) or LZRS-IRF8-IRES-EGFP.
CD123⁻lin⁻CD34⁺GFP⁺ HSPCs were sorted and co-cultured with OP9-DLL4 stromal cells in Tstimulating culture conditions as described above.

Similarly, to examine the dose-dependent impact of IRF8 on T cell development, HSPCs transduced with the control or LZRS-IRF8-ERT2-P2A-EGFP were sorted for CD123⁻lin⁻ CD34⁺GFP⁺ and co-cultured with OP9-DLL4 stromal cells. Cells were treated with 4-OHT at day 0 and day 3 post co-culture. For 0 nM condition, cells were treated with the compound solvent at a final concentration equivalent to the highest tested dose of 4-OHT (300 nM). Differentiating HSPCs were analysed or sorted for downstream experiments at the indicated time points.

For co-cultures with OP9-DLL4-7FS stromal cells, half of the existing medium wasreplaced with fresh medium every 3-4 days till analysis.

To determine the impact of TNFR2 expression on the development of myeloid cells, the sorted HSPCs (Supplementary Fig. 4) were co-cultured with MS5 stromal cells as described previously with the supplementation of 20 ng/mL FLT3-L, 20 ng/mL SCF, 20 ng/mL TPO, 10

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ng/mL GM-CSF and 10 ng/mL granulocyte colony-stimulating factor (G-CSF)⁶⁹. Information
for reagents and antibodies is provided in Supplementary Table 1 and 2 respectively.

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1034 RNA extraction and RT-qPCR

Total RNA from sorted cells was extracted using miRNeasy Micro Kit, with removal of 1035 contaminating DNA by DNase digestion, and converted into cDNA using iScript cDNA 1036 1037 Synthesis Kit. Whenever it was necessary, target-specific pre-amplification of cDNA was performed using SsoAdvanced SYBR Green Supermix. Real-time PCR reactions were 1038 1039 performed using LightCycler 480 SYBR Green I Master Mix and were run on a LightCycler 480 system (Roche). Specific amplification of target was confirmed by melting curve analysis. 1040 Gene expression was calculated using the $2^{-\Delta\Delta Ct}$ method. Information for reagents is provided 1041 in Supplementary Table 1. Primer sequences are provided in Supplementary Table 3. 1042

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1044 TCRD genomic rearrangement

1045 DNA was extracted from the sorted cells and HL-60 cell line using GenElute Mammalian Genomic DNA Purification Kit. DNA from the CD123^{hi}(IRF8^{hi})CD1a⁻ sorted cells was 1046 extracted using homemade tail lysis buffer with proteinase K digestion. Purified DNA was 1047 concentrated by ethanol precipitation. D82-D83 recombination was detected using the 1048 previously described primer and probe sequences⁷⁰. Dδ2-Dδ3 recombination was normalized 1049 against the *Albumin* gene⁷⁰ and quantified using the $2^{-\Delta\Delta Ct}$ method. qPCR was performed using 1050 the PrimeTime Gene Expression Master Mix with 500 nM of each primer and 200 nM of probe. 1051 qPCR was run on a LightCycler 480 system (Roche). Information for reagents is provided in 1052 Supplementary Table 1. Primer and probe sequences are provided in Supplementary Table 3. 1053

1054

1055 Analysis of bulk RNA-seq data

1056 Total RNA from the sorted co-cultured cells (Supplementary Fig. 5a) was extracted as described above. mRNA libraries were prepared using QuantSeq 3' mRNA-Seq Library Prep Kit FWD 1057 and sequenced as single-end 75 bp reads on the NextSeq 500 System (Illumina). The average 1058 total reads per sample is 8.8 ± 1.3 million. All the reads were trimmed using Cutadapt to remove 1059 1060 the adaptor sequences, and mapped against Homo sapiens GRCh38 reference genome using STAR^{71,72}. A table of read counts for quantifiable genes was generated using RSEM⁷³. 1061 Differential gene expression analysis between groups of samples was performed using edgeR 1062 with batch effect correction due to inter-donor variability⁷⁴. Volcano plots were generated in R. 1063 Clustered heatmaps were constructed in R, where normalized counts of significantly 1064 1065 differentially expressed genes were rescaled as standard deviations from the mean (Z-scores), between -2 and 2, and clustered based on Pearson correlation. 17 genes that were statistically 1066 1067 significantly downregulated in the presence of low level of inducible IRF8 activity constituted 1068 the IFN-related gene set. Information for reagents is provided in Supplementary Table 1.

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1070 Analysis of bulk ATAC-seq data

Genomic DNA from the sorted co-cultured cells (Supplementary Fig. 5b) was tagmented by Tn5 transposase and DNA libraries were made as described previously⁷⁵. Paired-end sequencing was done on the Illumina NextSeq500 sequencer with a 75 bp read output. The quality of the sequencing was verified with FastQC. Reads were trimmed using NGMerge⁷⁶. Alignment was done using Bowtie2 (v2.2.6) with parameter --very-sensitive, using the human hg38 reference genome^{77,78}. Duplicate reads were removed using SAMTools. Peak calling was performed with MACS2 (v2.1.2) and the option --no-model. Significant peaks at an adjusted *p*-

value cut-off of 0.05 were combined into one matrix across all samples, with merging of peaks 1078 1079 that show at least 50 percent overlap. The function SummarizeOverlaps of the GenomicAlignments package in R was used for read counting using this matrix and the BAM 1080 files⁷⁹. DESeq2 was used to detect significantly differential opened chromatin sites between 1081 samples, using a design containing replicate and condition⁶². An adjusted *p*-value of 0.05 was 1082 used to retain significant hits. Homer findMotifsGenome was used for motif enrichment 1083 analysis on significantly different opened chromatin regions⁸⁰. Information for reagents is 1084 provided in Supplementary Table 1. 1085

1086

1087 EMO cultures

To induce hematopoietic specification, EMPs derived from iPSCs were aggregated with MS5-DLL4 stromal cells to form EMOs. EMPs were generated and isolated as described previously³⁰. EMOs were assembled and cultured as described previously³⁰. After two weeks of hematopoietic induction, EMOs were cultured further in T-stimulating conditions³⁰ or harvested by forceful pipetting for downstream experiments (flow cytometry, limiting dilution or ATO-spiking analyses).

1094

1095 Limiting dilution analysis

1096 10 (48 wells), 25 (48 wells), 50 (24 wells) and 100 (24 wells) of TNFR2⁺CD123⁺ hematopoietic 1097 progenitors derived from $IRF8^{+/+}$ EMOs were sorted (Supplementary Fig. 6) by single cell 1098 precision mode for direct co-culture with OP9-DLL4-7FS stromal cells. At day 14, the 1099 developmental potential of TNFR2⁺CD123⁺ hematopoietic progenitors was calculated⁸¹ by 1100 analysing each well for the development of T, dendritic cell or both lineages. Only wells in 1101 which more than 10 CD45⁺ cells were detected by flow cytometry were scored. The plating efficiency was 33.3% for 10 cells seeded, 81.3% for 25 cells seeded, 79.2% for 50 cells seededand 100% for 100 cells seeded.

1104

1105 **Detection of sTNF**

At day 14, medium from EMO cultures were centrifuged at 1,500 x g at 4 °C for 10 minutes. Aliquots of supernatant (conditioned medium) were stored in protein Lobind tubes at -80 °C for single use⁸². Presence of sTNF in the conditioned medium was detected by LEGENDplex assay with the Human Adipokine Panel. All samples and serially diluted controls were run in duplicates. Data was analysed by LEGENDplex software version 8. Information for reagents is provided in Supplementary Table 1.

1112

1113 Culture of EMOs using conditioned medium

1114 Conditioned medium from void (organoids without EMPs), IRF8 WT and IRF8 KO EMOs, at 1115 day 9, 11 and 14 post culture, was collected as described above and used to culture $IRF8^{-/-}$ 1116 EMOs at day 7, 9 and 11, respectively. $IRF8^{+/+}$ and $IRF8^{-/-}$ EMOs cultured with fresh medium 1117 served as positive and negative controls, respectively. Both fresh and conditioned media were 1118 supplemented with 50 ng/mL SCF, 5 ng/mL FLT3-L, 5 ng/mL TPO and 10 μ M SB-431542 as 1119 described previously³⁰. At day 14, cells were harvested for flow cytometric analyses. 1120 Information for reagents is provided in Supplementary Table 1.

1121

1122 ATO cultures

ATOs were assembled and cultured as described previously, but with the exception that DLL4
instead of DLL1 was used to support T cell development⁹. As indicated in the individual

experiments, ATOs were assembled using MS5-DLL4 or MS5-DLL4/tmTNF stromal cells or 1125 1126 in combination at different ratios. Per ATO, up to 7,500 HSPCs were aggregated with a total amount of 150,000 stromal cells. Whenever indicated, ATOs were cultured and refreshed with 1127 medium without the supplementation of 5 ng/mL IL-7, with the supplementation of sTNF (0.25, 1128 5 or 100 ng/mL) or with the supplementation of 10 ng/mL EHD2-scTNF_{R2}³⁷. Whenever 1129 indicated, ATOs were spiked with CD123-expressing hematopoietic cells (1,450 iPSC-derived 1130 CD123⁺ cells and 7,500 HSPCs in an ATO). For secondary ATO cultures, CD45⁺CD7⁺ 1131 differentiating cord blood HSPCs were sorted into 96-well conical bottom plate using single 1132 cell mode (3,500 cells per well). Subsequently, 150,000 stromal cells were added per well to 1133 assemble an ATO. At indicated time points, cells were harvested from ATO by forceful 1134 pipetting for flow cytometry analyses. Information for reagents is provided in Supplementary 1135 Table 1. 1136

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1138 Analysis of scRNA-seq data

Cord blood HSPCs were differentiating in ATOs in the absence (control) or presence of TNF 1139 stimulus (sTNF at 0.25 ng/mL or tmTNF-expressing stromal cells at 1%). At day 10 post 1140 culture, CD45⁺ cells were sorted from all conditions for scRNA-seq where libraries were 1141 prepared and sequenced according to the Chromium Single Cell Gene Expression workflow. 1142 Using CellRanger 6.0.1, the sequencing data was mapped against the GRCh38 genome. The 1143 1144 filtered feature-barcode matrices were loaded into R. Low quality cells were identified as having less than 200 genes, more than 6000 genes (doublets) or more than 5% mitochondrial 1145 reads. Low quality genes were identified as being expressed in less than 3 cells. Both low 1146 quality cells and genes were removed. Equal number of cells were sub-sampled from all 3 ATO 1147 conditions and integrated (total: 38,439 cells) prior clustering using Seurat⁸³. The UMAP 1148 method was used to visualize the cell clusters⁸⁴. The two smallest clusters (26: 0.22% and 27: 1149

0.17%) were removed from the original identified 28 clusters. Cell cycle status of the remaining 1150 26 clusters (38,290 cells: 0 to 25) were determined using the CellCycleScoring function from 1151 the Seurat library⁶⁴. These 26 clusters were manually annotated based on cell type-specific 1152 markers genes that are differentially expressed as determined by using FindAllMarkers from 1153 Seurat. Dot plot was used to visualize the expression of cell type-specific marker genes. UCell⁶³ 1154 was used to score the IFN-related gene signature. The average expression values for the IFN-1155 related genes were calculated using the AverageExpression function from the Seurat library⁶⁴ 1156 and visualized in a clustered heatmap that was constructed using the pheatmap library in R. 1157

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1159 Flow cytometric analysis

Fully stained samples were measured on a BD LSR II flow cytometer or a BD FACSymphony 1160 A3 Cell Analyzer. Both are equipped with violet (405 nm), blue (488 nm), yellow-green (561 1161 nm) and red (640 nm) lasers. Cells were sorted on a BD FACSAria II or BD FACSAria Fusion 1162 flow cytometers. UltraComp eBeads were used to prepare single-color compensation controls 1163 for all antibodies used, whereas living and dead Jurkat cells were used as a control to 1164 compensate for the spillover of propidium iodide or fixable viability dye eFluor506. Flow 1165 cytometric data were visualized and analyzed using BD FlowJo v10. Doublets, aggregates and 1166 dead cells were excluded from analyses. 1167

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1169 Statistics

GraphPad Prism 9 was used for statistical analyses and graphing. Data with replicates of 3 or more were presented as mean±s.d. All measurements were taken from distinct donors except experiments that involved iPSCs. The Gaussian distribution of data residuals was examined visually by a Quantile-Quantile normality plot and with Shapiro-Wilk statistical test. 1174 Depending on the data normality, parametric or non-parametric statistical tests were applied1175 and indicated in the figure legends.

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1177 Data availability

- 1178 The datasets generated and/or analysed in this study are available in the Gene Expression
- 1179 Omnibus with the following accession numbers: *ex vivo* human CD34⁺ thymocytes for scRNA-
- 1180 seq (GSE144870), 4-OHT-treated OP9-DLL4 co-cultures for ATAC-seq (GSE179534) and
- 1181 RNA-seq (GSE179381), and TNF-activated ATO cultures for scRNA-seq (GSE211400).
- 1182 GRCh38 reference genome is publicly accessible at the NCBI Datasets Genomes.
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